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Malawi

Economic Performance Assessment



May 2005

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Malawi

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Sponsored by the Economic Growth office of USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT), and implemented by Nathan Associates Inc. under Contract No. PCE-I-00-00-00013-00, Task Order 004, the Country Analytical Support (CAS) Project, 2005-2006, Task Order 004, the Country Analytic Support (CAS) Project, 2005-2006, has developed a standard methodology for producing analytical reports to provide a clear and concise evaluation of economic growth performance in designated host countries. These reports are tailored to meet the needs of USAID missions and regional bureaus for country specific analysis. Each report contains:

- a synthesis of data drawn from numerous sources, including World Bank publications and other international data sets currently used by USAID for economic growth analysis, as well as accessible host-country data sources;
- international benchmarking to assess country performance in comparison to similar countries and groups of countries;
- an easy-to-read analytic narrative that highlights areas in which a country's performance is particularly strong or weak, thereby assisting in the identification of future programming priorities.

Under the CAS Project, Nathan Associates will also respond to mission requests for in-depth sector studies to examine more thoroughly particular issues identified by the data analysis in these country reports.

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Highlights

This Economic Performance Assessment for Malawi is one in a series of papers that will provide USAID missions and regional bureaus with a clear and concise evaluation of indicators relating to economic growth performance in designated host countries. The report draws on a variety of international data sources, covers a broad range of topics, and uses international benchmarking to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty.

The analysis for Malawi reveals serious problems in numerous areas, with few signs of healthy performance. Malawi urgently needs to follow through on recent efforts to strengthen macroeconomic management, and to take serious steps toward further improvement of the enabling environment for private sector development. This necessitates deeper reforms, control of corruption, infrastructure investment, and better health and education programs, within the limits imposed by very scarce resources.

Malawi's performance highlights are summarized in the table on the next page, followed by a scorecard listing the main indicators for which major indicators for Malawi are especially weak or strong relative to the benchmark standards.

IMF Program Status for Malawi. Because of problems with macroeconomic management in recent years, Malawi has not qualified for a Poverty Reduction and Growth Facility (PRGF) from the IMF. Instead, the country has been under a Staff Monitored Program. In July, 2004, the new government requested IMF assistance to put their economic fiscal and monetary policies back on a sustainable path. According to a recent IMF press release (March 3, 2005), the Government of Malawi has made good progress in “demonstrating its commitment to sound macroeconomic policies.” Discussions are underway to reestablish a PRGF arrangement.

Highlights of Malawi's performance relative to benchmark standards

Economic Growth	Overall growth performance has been poor, signaling fundamental problems with the enabling environment for private sector development.
Poverty	Poverty remains severe and pervasive. Though the latest data is from 1998 (showing that 65% of the people were living in poverty), there is no evidence to suggest that this has changed materially.
Gender	The gender differential in adult literacy is extremely high, though great progress has been made in raising female school enrollment.
Fiscal and Monetary Policy	Macroeconomic performance has been fraught with trouble: excessive spending, unsustainable budget deficits, and inflationary growth of the money supply. <i>Thus, a cornerstone for rapid growth has not been in place.</i> Recent steps to improve macroeconomic policy must be sustained.
Business Environment	Institutional indicators for Malawi are comparable to benchmark values; nonetheless, there is a huge need to tackle corruption and ample room to reduce institutional impediments to doing business.
Financial Sector	The financial sector is extremely underdeveloped and inefficient in mobilizing and allocating saving.
External sector	Malawi is a relatively open economy, but not reaping benefits. Exports are highly concentrated in a few primary products, and export growth is very weak. The country attracts very little foreign direct investment. The current account deficit is extremely high, and foreign exchange reserves are dangerously depleted.
Economic infrastructure	Basic infrastructure to support growth is comparable to benchmark countries, but very deficient in absolute terms.
Health	Maternal mortality is extremely high, and life expectancy has declined to one of the world's lowest levels because of HIV/AIDS. The poor health of the population and of the labor force is a result of poverty, and a cause of low growth.
Education	The government scores well in improving primary enrollment rates. The quality of education is difficult to judge from available international indicators, but clearly a major problem.
Employment and Workforce	The labor force is growing rapidly, creating a pressing need for jobs and income opportunities. Legal constraints on employment are relatively low, but job creation will remain stuck in low gear without more investment.
Agriculture	Growth in agriculture has been moderately good. Given the critical importance of this sector to the economy, stronger performance is needed to make visible inroads against poverty. In the medium to long run, transformational growth and poverty reduction depend on thriving non-agricultural activities, as well as improvements in agriculture itself.

Note: The standards used for the benchmarking analysis are explained in the appendix.

SCORECARD – Malawi Performance Relative to Low-Income Sub-Saharan Africa (except as noted)

	Malawi Value	Benchmark Standard
INDICATORS SHOWING POOR PERFORMANCE		
Growth Performance		
Per capita GDP, \$PPP (2004)	643	1,698
Per capita GDP, current US\$ (2004)	165	533
Real GDP Growth, % change (five-year average to 2003)	1.4	4.6 ^a
Poverty and Inequality		
Population living on less than \$1 PPP per day, % (1997)	42.0	26.1
Poverty headcount, by national poverty line, % (1997)	65.3	38.0
Gender		
Ratio of male to female adult literacy rate (2002)	1.6	1.0 ^b
Fiscal and Monetary Policy		
Government expenditure, % GDP (2003)	42.4	17.1
Growth in the money supply, % change (2003)	29.3	20.5 ^a
Inflation Rate, % (2004)	19.9	9.4 ^a
Overall govt. budget balance, including grants, %GDP (five-year average to 2004)	-7.5	0.5
Business Environment		
Corruption Perception Index (2004)	2.8	3.0 ^c
Financial Sector		
Domestic credit to private sector, % GDP (2003)	7.8	11.8
Interest rate spread, lending rate minus deposit rate (2003)	23.8	14.1 ^a
Money supply, % GDP (2003)	19.4	25.6
Real interest rate, % (2003)	39.3	12.3
External Sector		
Current account balance, % GDP (2002)	-10.6	-6.9
Foreign direct investment, % GDP (2002)	0.3	4.1
Gross international reserves, months of imports (2002)	2.4	3.0 ^b
Growth in exports of goods and services, (5-year average to 2003)	1.5	3.9
Remittance receipts, % exports (2002)	0.2	11.6
Economic Infrastructure		
Internet users per 1000 people (2003)	3.4	10.3
Telephone density, fixed & mobile subscribers per 1000 (2002)	15.2	32.6
Health		
HIV Prevalence, % (2003)	14.2	6.6
Life expectancy at birth, years (2002)	37.5	47.0
Maternal mortality rate, deaths per 1000 (2002)	18.0	9.3

	Malawi Value	Benchmark Standard
INDICATORS SHOWING GOOD PERFORMANCE		
Fiscal and Monetary Policy		
Government revenue, % GDP (2003)	22.8	15.4
Education		
Net primary enrollment ratio, % (2001)	81.0	46.9
Employment and Workforce		
Rigidity of employment index, maximum rigidity = 100 (2002)	21.0	57.3

The benchmark standard is the average for low-income countries of sub-Saharan Africa, except as follows:

^a Benchmark standard estimated from regression analysis, controlling for region and per capita income.

^b Performance assessed on absolute criterion, rather than relative comparison.

^c Value below 3.0 indicates rampant corruption, according to Transparency International.

1. Introduction

This paper is one of a series of Economic Performance Assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a clear and concise evaluation of indicators relating to economic growth performance in designated countries. The report differs from other country studies in that it draws on a variety of international data sources,¹ covers a broad range of indicators, and uses international benchmarking to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty.

The methodology used here is analogous to examining an automobile dashboard to see which gauges are signaling problems. Sometimes a blinking light has obvious implications—such as the need to fill the fuel tank. In other cases, it is necessary to have an auto mechanic probe more deeply to assess the source of the trouble and discern the best course of action.² Similarly, the Economic Performance Assessment is based on an examination of key economic and social indicators, to see which ones are signaling problems. In some cases a “blinking” indicator has clear implications, while in other instances a detailed study may be needed to investigate the problems more fully and identify an appropriate course for programmatic action.

The analysis is organized around the mutually supportive goals of transformational growth and poverty reduction.³ Rapid and broad-based growth is the most powerful instrument for poverty reduction. At the same time, many measures aimed at reducing poverty, and lessening inequality can help to underpin rapid and sustainable growth. These interactions create the potential for stimulating a virtuous cycle of economic transformation and human development.

Transformational growth requires a high level of investment and rising productivity. This is achieved by establishing a strong ***enabling environment for private sector development***, involving multiple elements: macroeconomic stability; a sound legal and regulatory system, including secure contract and property rights; effective control of corruption; a sound and

¹ Sources include the latest data from USAID’s internal Economic and Social Database (ESDB), and from readily accessible public information sources. The ESDB is compiled and maintained by the Development Information Service (DIS), under PPC/CDIE. It is accessible to staff through the USAID intranet.

² Sometimes, too, the problem is faulty wiring to the indicator—analogous here to faulty data.

³ In USAID’s White Paper on *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century* (January 2004), transformational growth is a central strategic objective, both for its innate importance as a development goal, and because growth is the most powerful engine for poverty reduction.

efficient financial system; openness to trade and investment; sustainable debt management; investment in education, health, and workforce skills; infrastructure development; and sustainable use of natural resources.

In turn, the impact of growth on poverty depends on policies and programs that create opportunities and build capabilities for the poor. We call this the *pro-poor growth environment*.⁴ Here, too, many elements are involved, including effective education and health systems; a strong commitment to fighting HIV/AIDS; policies facilitating job creation; agricultural development (in countries where the poor depend predominantly on farming); dismantling barriers to micro and small enterprise development; and progress toward gender equity.

The evaluation of these conditions in this paper must be interpreted with caution because a concise analysis of this sort cannot provide a definitive diagnosis of economic problems, or simple answers to questions about programmatic priorities. Instead, the aim is to spot signs of serious economic growth problems based on a review of selected indicators, subject to limits of data availability and quality. The results do provide insight about potential paths for USAID intervention, to complement on-the-ground knowledge and further in-depth studies.

The remainder of the report discusses the most important results of the diagnostic analysis, in three sections: Overview of the Economy; Private Sector Enabling Environment; and Pro-Poor Growth Environment. Table 1-1 summarizes the topic coverage. The appendix provides a brief explanation of the criteria used for selecting indicators, and the benchmarking methodology, and a table showing the full set of indicators that have been examined.

Table 1
Topic Coverage

Overview of the Economy	Private Sector Enabling Environment	Pro-Poor Growth Environment
<ul style="list-style-type: none"> • Growth Performance • Poverty and Inequality • Economic Structure • Demographic and Environmental Conditions • Gender 	<ul style="list-style-type: none"> • Fiscal and Monetary Policy • Business Environment • Financial sector • External sector • Economic Infrastructure • Science and Technology 	<ul style="list-style-type: none"> • Health • Education • Employment and Workforce • Agriculture

⁴ A comprehensive poverty reduction strategy also requires programs to reduce the *vulnerability* of the poor to natural and economic shocks. This aspect is not covered in the template since the focus is economic growth programs. In addition, it is difficult to find meaningful and readily available indicators of vulnerability to use in the template

2. Overview of the Economy

This section reviews basic information on Malawi's macroeconomic performance, economic structure, demographic and environmental conditions, poverty and inequality, and indicators of gender equity.⁵ Some of the indicators are descriptive rather than analytical, and are included to provide context for the performance analysis.

GROWTH PERFORMANCE

With an estimated per capita GDP of just \$165 in 2004 (or \$643 in terms of purchasing power parity), Malawi remains one of the poorest countries in the world. Thus, the need for rapid and sustained economic growth is acute. Yet over the five years to 2003 (latest data), growth averaged just 1.4 percent per year, never exceeding 4.0 percent. This is well below average for LIC-Africa and far less than the standard achieved by Uganda and Mozambique (Figure 2-1). In absolute terms, growth is far too low to deliver improved standards of living or adequate income opportunities for a population that is growing by 2.1 percent per year. Visible progress toward prosperity requires sustained and broad-based growth of no less than 5 percent per year.

The proximate cause of low growth is no mystery: investment and productivity growth are both very weak. Gross fixed investment, at 9.5 percent of GDP, is alarmingly low by any standard (Figure 2-2). Looking at just the private sector, gross fixed investment has been nearly zero, according to IMF estimates. In addition, there has been virtually zero growth in productivity of the labor force (Figure 2-3). Capital productivity is likewise poor: the incremental capital-output ratio shows that nearly \$10 of gross investment has been needed per dollar of extra output—twice the average for LIC-Africa, and more than triple the capital requirement for output growth in Uganda. (Figure 2-4).

Poor growth performance is the central economic challenge facing the government and the donor community. Major factors contributing to low investment, low productivity, and low growth are examined in section 3, on the enabling environment, and discussions in section 4 on human capital development. One vital question that must be asked, even though the issue is beyond the scope of this paper, is whether the political foundation exists in Malawi for achieving rapid growth. Is there the political will for sound economic policies and institutions? Is there an effective constituency for pro-growth policies? How can these be strengthened?

⁵ A separate Data Supplement provides a full tabulation of the data for Malawi and the international benchmarks, including indicators not discussed in the text, as well as technical notes for each indicator.

Figure 2-1. Real GDP Growth (%)

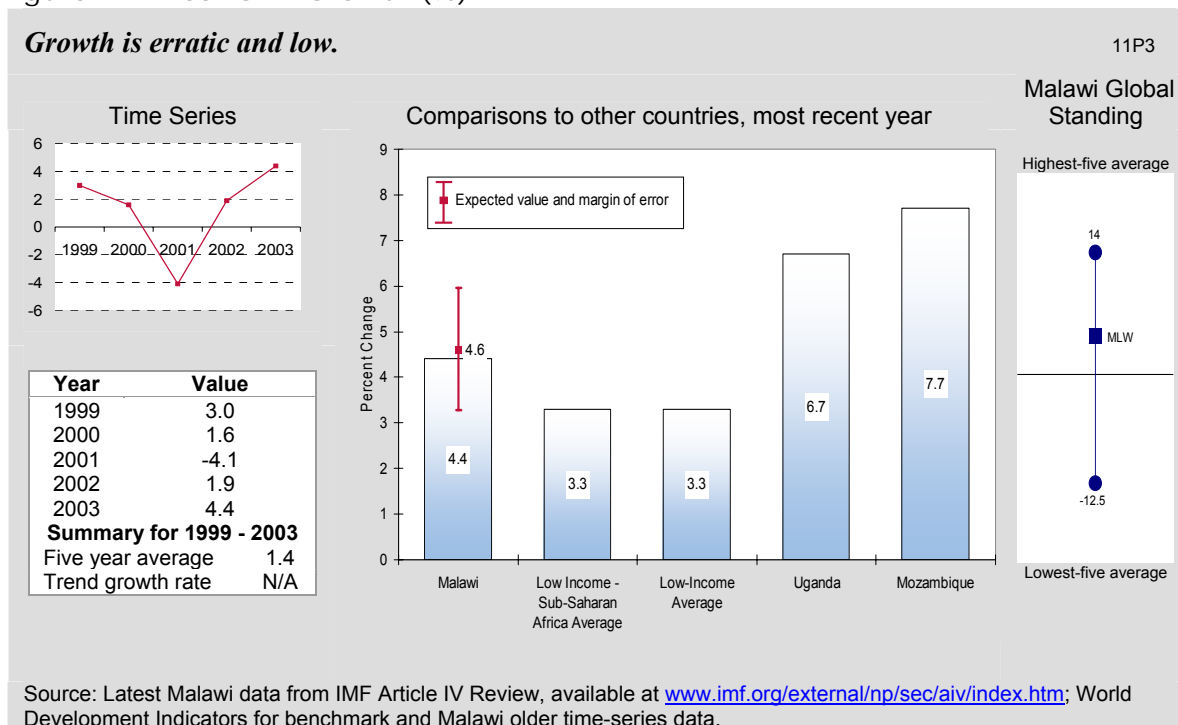


Figure 2-2. Gross Fixed Investment in GDP (%)

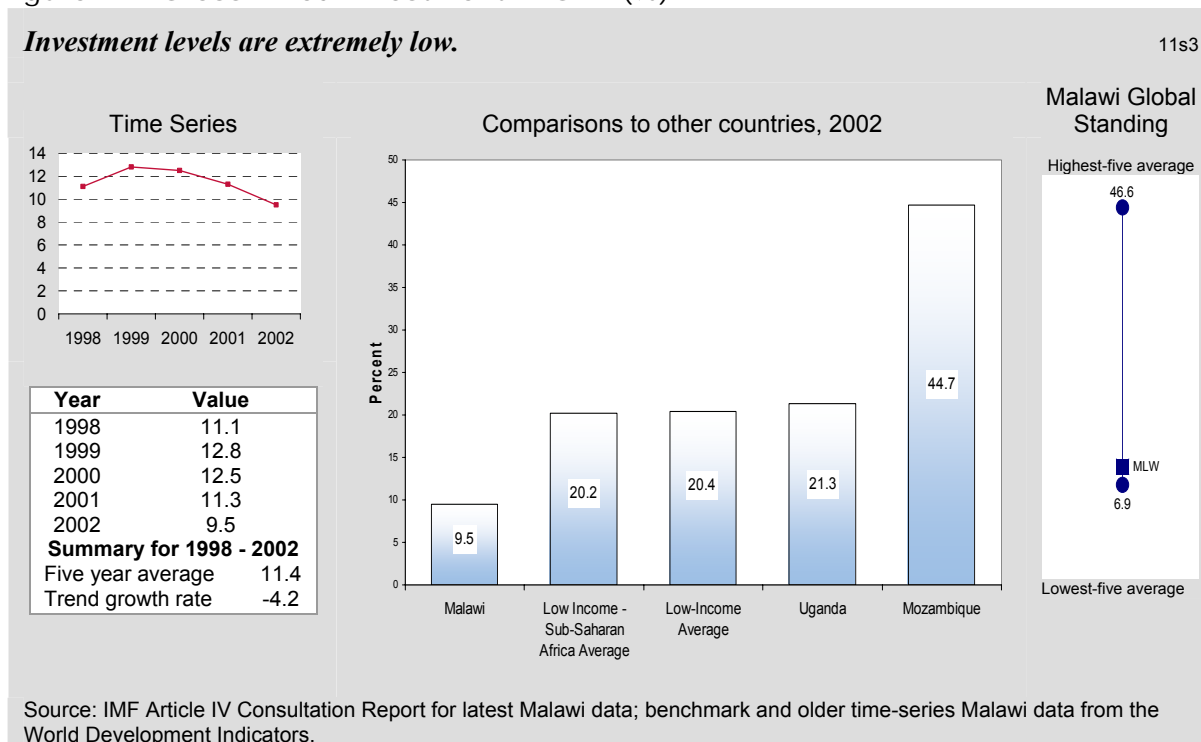


Figure 2-3. Growth of Labor Productivity (% Change)

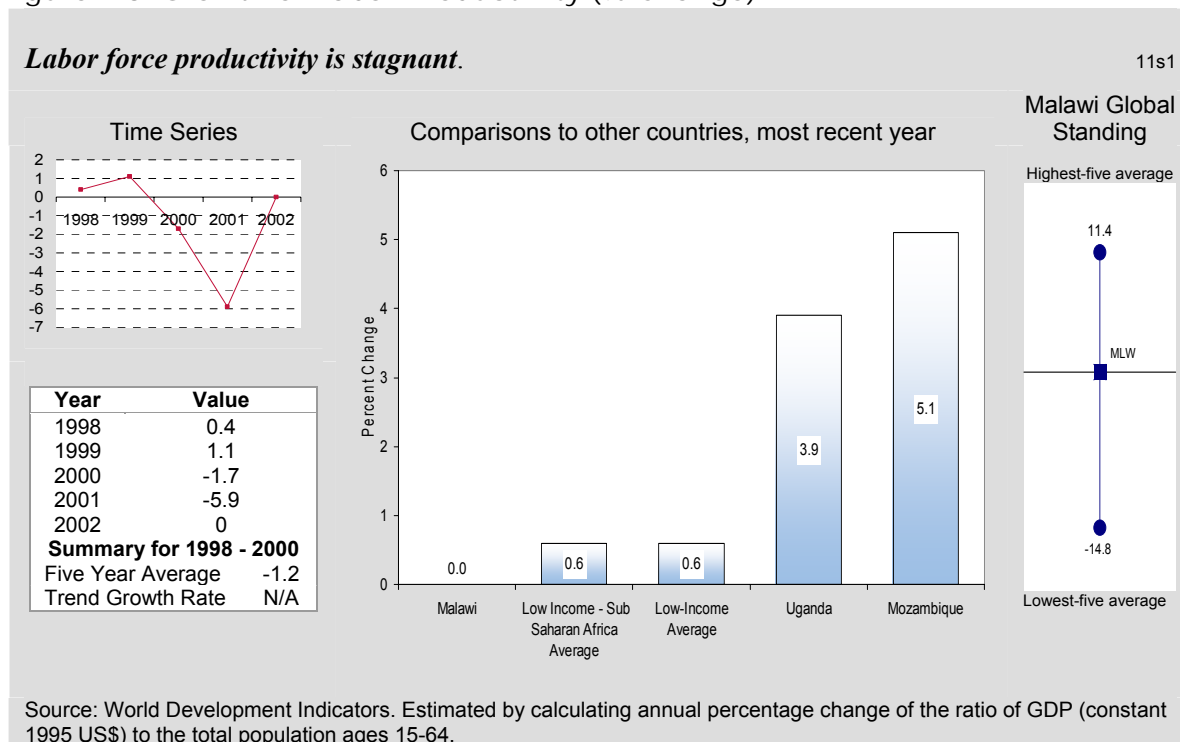
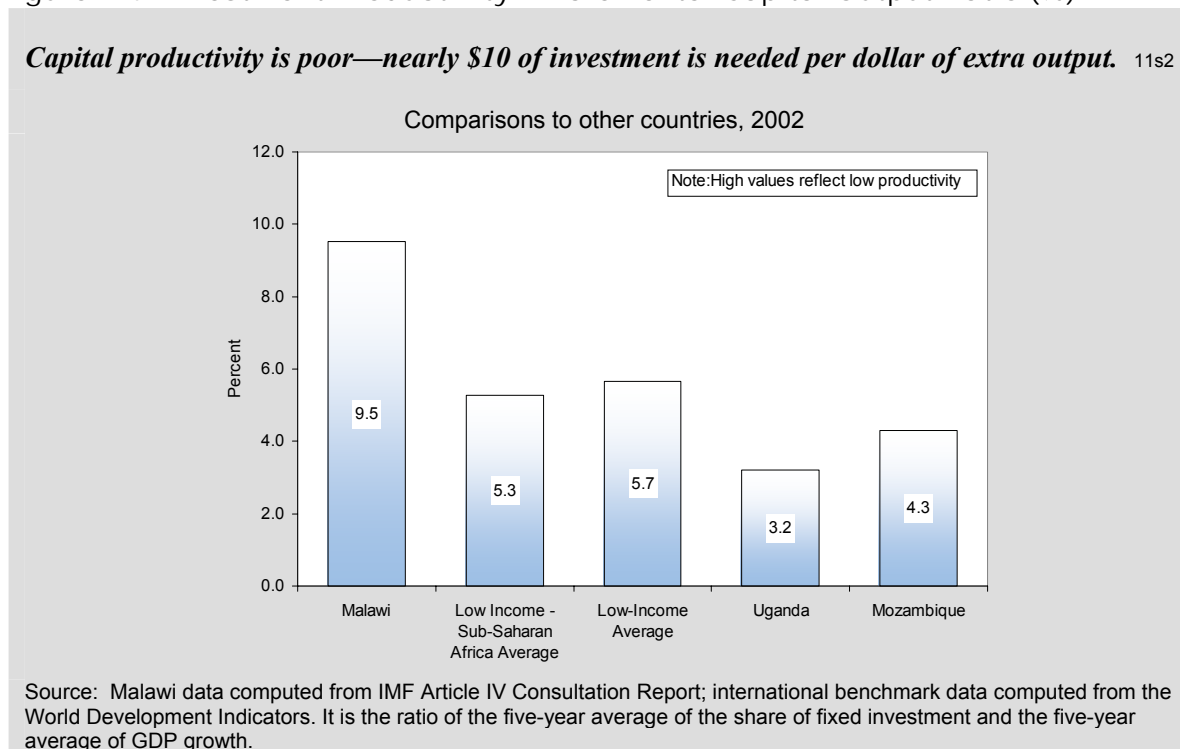


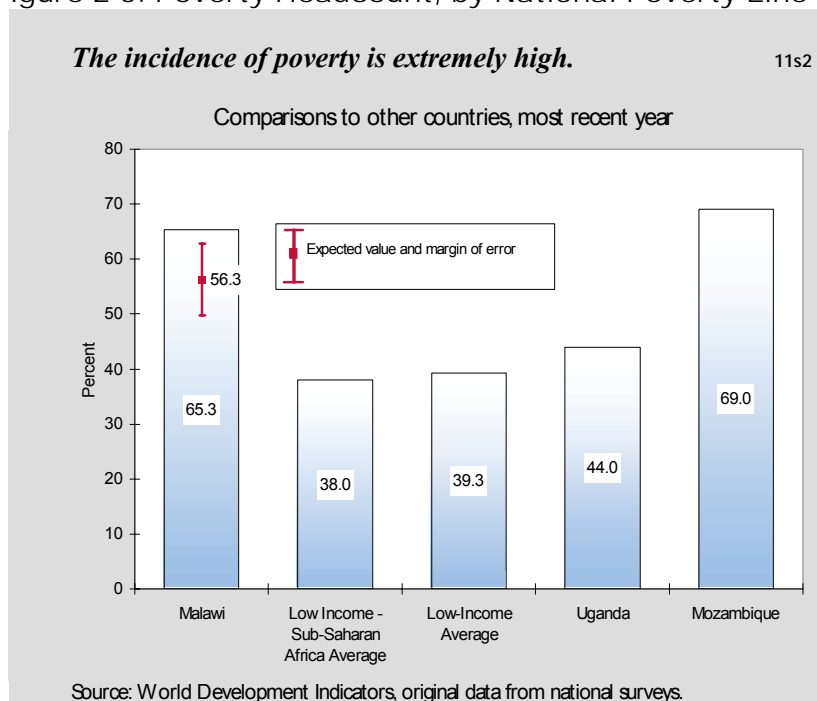
Figure 2-4. Investment Productivity—Incremental Capital-Output Ratio (%)



POVERTY AND INEQUALITY

As the income data suggest, poverty in Malawi is severe. The latest hard data on poverty are derived from a national household survey in 1997, which showed that 65 percent of the people live below the national poverty line. An estimated 41 percent struggle to survive on less than \$1 per day measured in terms of international purchasing power parity—the international standard for absolute poverty. These poverty rates are much higher than the average for LIC-Africa (Figure 2-5). Given Malawi's poor growth performance in recent years, it is unlikely that the situation has improved materially since 1997. The UNDP's Human Poverty Index (HPI) provides a broader gauge of poverty, taking into account deprivation in access to basic education and safe water, as well as income poverty. The HPI value of 47 in 2004 shows that the scope of deprivation in Malawi is higher than the average for LIC-Africa (Figure 2-6). Another sign of deep poverty is the adult illiteracy rate of 62 percent.

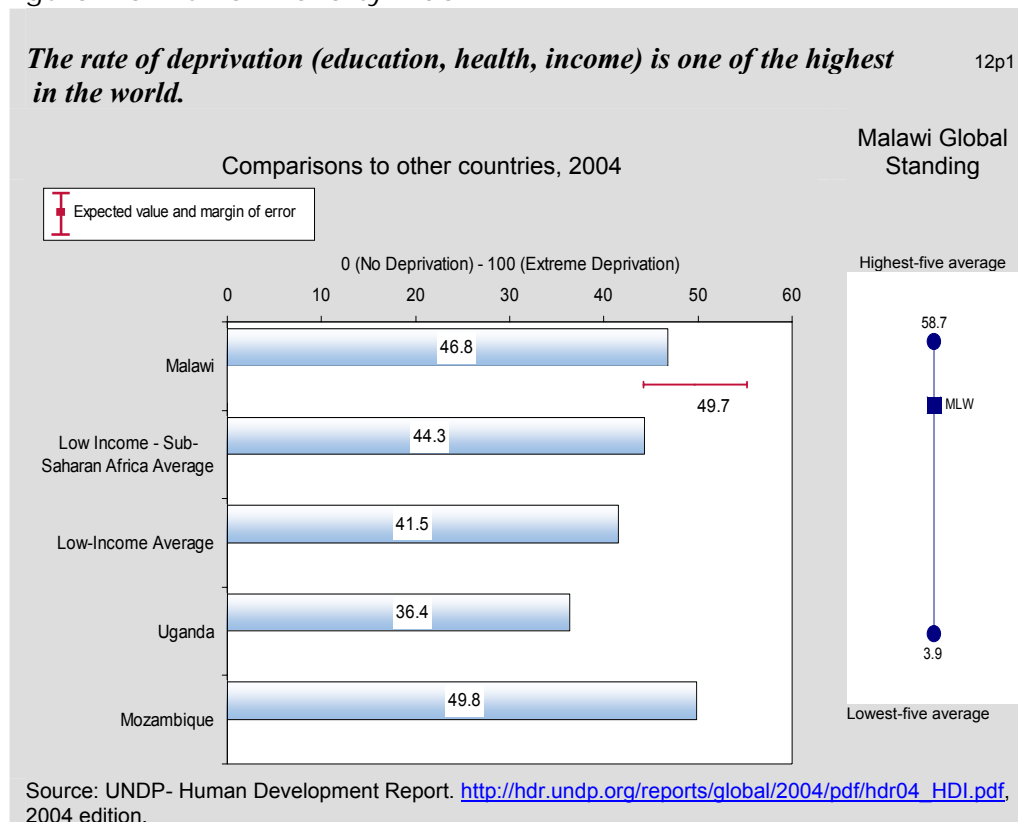
Figure 2-5. Poverty Headcount, by National Poverty Line



Inequality of income is also a serious problem. With reference again to the 1997 household survey, just 4.9 percent of total household income accrued to the poorest 20 percent. This is only slightly below the main benchmarks, yet Uganda has shown that rapid growth can be combined with a much larger income share for the poor (8.8 percent) through a strategy that boosts earnings for small farmers.

The Malawi government has taken steps to address the poverty problem by completing a Poverty Reduction Strategy Paper in 2002. In line with World Bank and IMF guidelines, the PRSP is meant to serve as a tool for coordinating donor interventions to promote pro-poor growth, as well as forming the basis for the government's own development program. The PRSP is based on four pillars: sustainable pro-poor growth, emphasizing micro-finance and rural infrastructure; human capital development through education and health; safety nets to improve the quality of life for the most vulnerable; and good governance through more effective, transparent, and accountable public institutions. The strategy also highlights four cross-cutting issues: HIV/AIDS, gender, environment, and science and technology.

Figure 2-6. Human Poverty Index



ECONOMIC STRUCTURE

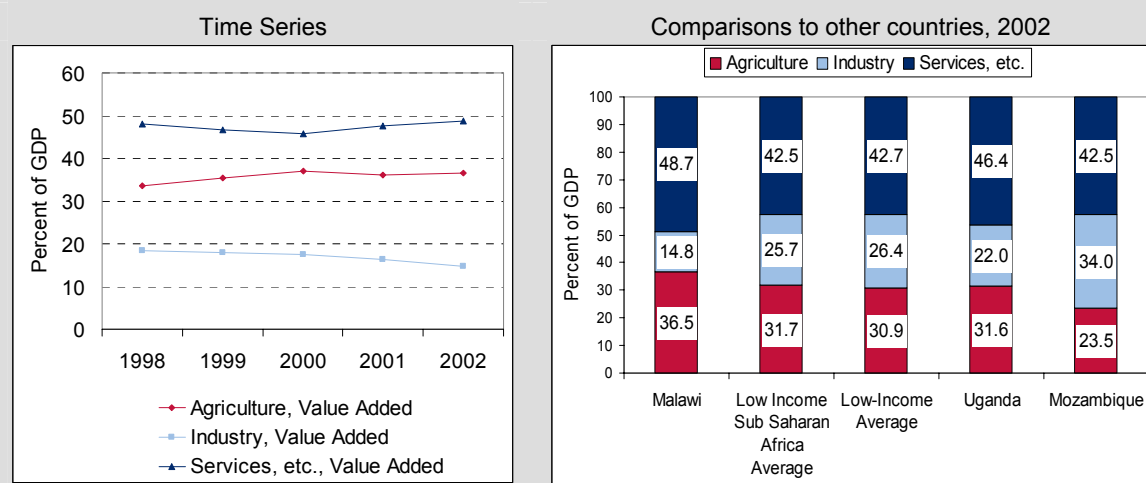
The broad structure of output in Malawi shows no tendency toward transformation over the past five years. Value added in agriculture continues to account for 36 % of GDP. The share in industry actually declined in relative importance, to 15 % of GDP in 2002; this is very low relative to all international benchmarks (Figure 2-7). In the labor force, an estimated 90 percent of the workers depend on agriculture as a major source of income. With 90 percent of the labor force producing just 36 percent of value added, one can see that productivity in agriculture is far lower than the average for the economy overall, which itself is exceedingly low (as shown by GDP per capita). All of these statistics demonstrate that economic development is stalled in a poverty trap. They also suggest that programs to raise productivity in agriculture may have first-order effects on overall growth. At the same time, interventions to accelerate the creation of off-farm earning opportunities are essential for transformational development in the medium to long term.

DEMOGRAPHY AND ENVIRONMENT

Malawi's population is relatively small, at 11 million people. But the country is also very small geographically, and arable land is very limited, so there is already severe population pressure on the land. This pressure is intensified by population growth of 2.1 percent per year, accentuating the need for programs to foster rapid development of off-farm employment activities. The growing population also creates ever rising demand for public services, not least in education and

Figure 2-7. Output Structure

Agriculture accounts for a high share of output while industry's share is extremely low. 13p2a-c



Source: World Development Indicators.

health. The demographic problems are compounded by the high prevalence of HIV/AIDS (see health section), which has a devastating impact on the prime-age labor force, including teachers and health professionals. Rapid population growth also produces a very youthful age structure, with 91 dependents per 100 persons of working age. The high dependency rate is a symptom of deep poverty, but also a cause, since there are many mouths to feed per hand to work. It is also a programmatic opportunity, in that declining rates of population growth and dependency have been significant factors supporting a rapid increase in per capita income and improved public services in Asia.

Despite the population pressure on soil resources, Malawi scores moderately well on a recently created index of Environmental Sustainability, compared to international benchmarks. The overall score combines data on 68 variables for Malawi. Looking behind the overall score, however, the detailed figures reveal serious problems in the areas of population stress on the land, and environmental health.

GENDER

Gender equity is central to poverty alleviation in countries like Malawi where women have been disproportionately deprived of access to education, health services, and productive opportunities outside of subsistence agriculture. Selected gender indicators show a mixed picture for Malawi. There are stark differences in adult literacy, with male literacy (76 percent) being 1.6 times higher than the rate for females (49 percent). This has major long-term effects on growth because women head many households, and maternal education is strongly related to children's health, education, and nutrition. The good news is that impressive progress is being made for the younger generation. The gross enrollment rate for all levels of schooling is just 1.08 times higher for males than females. This is much better performance (less inequality) in the school system than the average ratio of 1.27 for LIC-Africa.

In terms of life expectancy, the gender difference is minimal. The male to female ratio of 0.98 for Malawi is virtually the same as the differential for other low-income countries and LIC-Africa countries. The big problem is that life expectancy is extremely low for both males and females (37 and 38 years, respectively), and it has dropped sharply because of the AIDS pandemic. High mortality among young adults undoubtedly affects incentives to invest in education, job skills, and productive pursuits.

3. Private Sector Enabling Environment

This section reviews indicators for key components of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, which is a necessary (but not sufficient) condition for sustained economic growth. A dynamic market economy also depends on basic institutional foundations including secure property rights, an effective system for enforcing contracts, and an efficient regulatory environment that does not impose undue barriers on business activities. Financial institutions play a major role in mobilizing and allocating saving, facilitating transactions, and creating instruments for risk management. Access to the global economy is another pillar of a good enabling environment, because the external sector is a central source of potential markets, modern inputs, technology, finance, and competitive pressure for efficiency and rising productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to develop the capacity to adapt and apply science and technology as a basis for attracting efficient investment, improving competitiveness, and stimulating rapid productivity growth.

FISCAL AND MONETARY POLICY

Sound macroeconomic management should be evident in low and stable inflation and a sustainable fiscal balance. The indicators for Malawi reveal the opposite. Looking at fiscal policy, government expenditure rose sharply in recent years, reaching 42 percent of GDP in 2003 (Figure 3-1). This is extremely high by every benchmark; the average for LIC-Africa is just 17 percent. Revenue mobilization, at 23 percent of GDP, is also substantially above the benchmark average (15 percent for LIC-Africa), but the differential for expenditure is much larger. Thus, the budget deficit has been unsustainably high, triggering macroeconomic instability. Taking grant receipts into account, the deficit in 2003 was 8.5 percent of GDP, compared to an average of 0.5 percent for LIC-Africa (see Figure 3-2).

Both current and capital expenditures rose sharply during this period. Using data on a fiscal year basis from the IMF's Article IV Review for 2004, current expenditures jumped from 24.6 percent of GDP in 2001/02 to an estimated 32.0 percent in 2003/04. The main source of this enormous jump was interest on domestic debt, which rose from 3.9 to 9.5 percent of GDP. This appears to be a classic example of how borrowing to finance excessive deficits can mutate into a fiscal

Figure 3-1. Government Expenditure (% GDP)

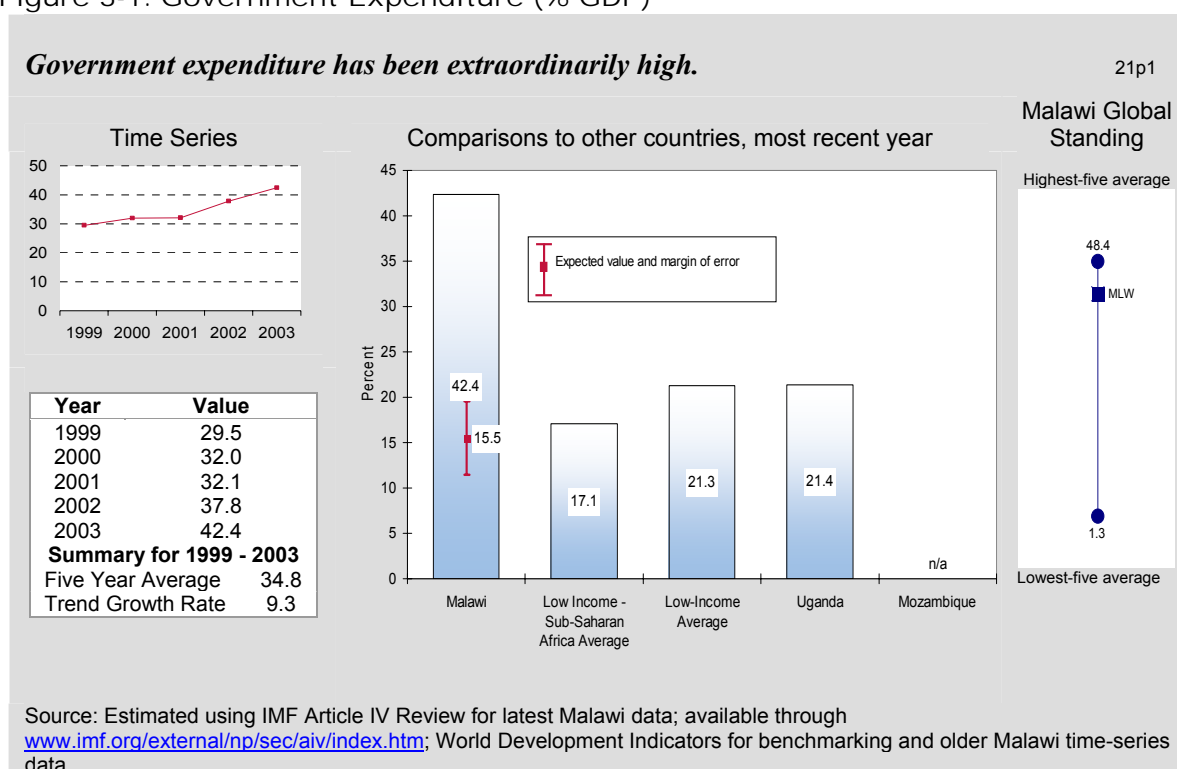
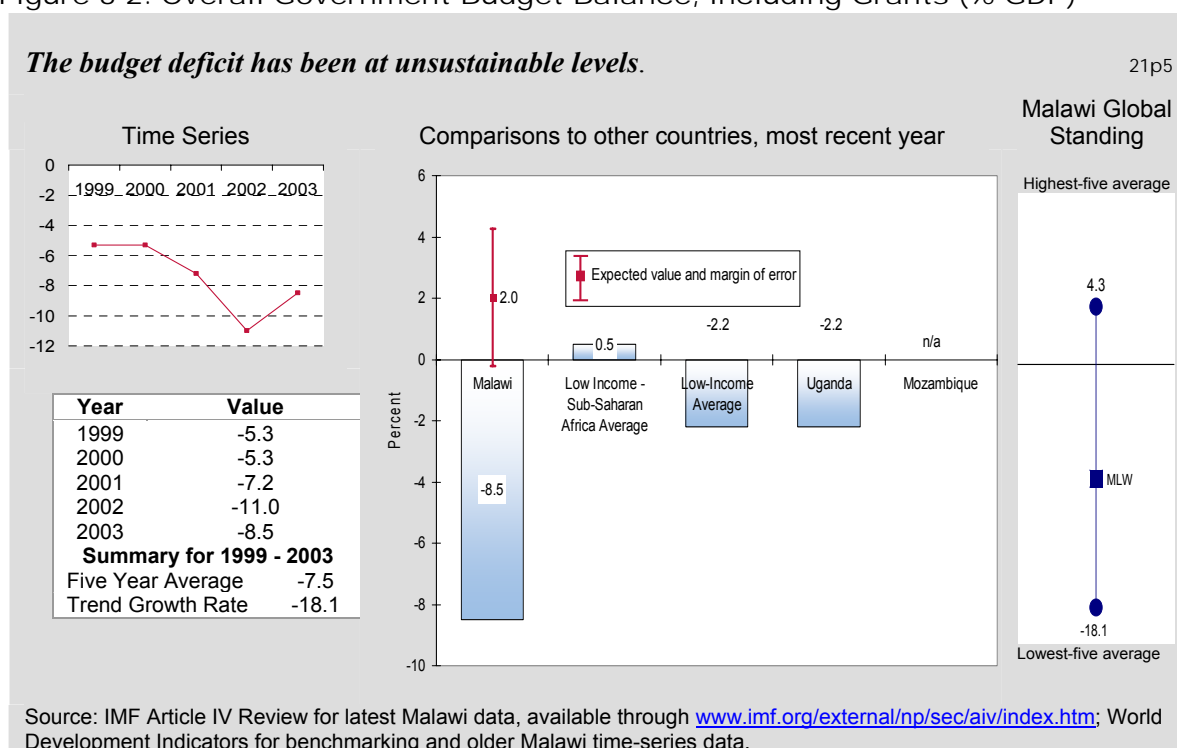


Figure 3-2. Overall Government Budget Balance, including Grants (% GDP)



crisis. Interest on foreign debt, in contrast, has been relatively stable, rising from 1.2 to 1.5 percent of GDP. Government purchases of goods and services increased from 8.4 to 9.3 percent GDP—with a dramatic spike in 2002/03 due to maize purchases equaling 3.9 percent of GDP, which drove up borrowing costs. Even without the spike, government purchases are very high for such a poor country. So are subsidy and transfer costs, which have averaged around 4.5 percent of GDP, and the wage bill, at just under 7 percent of GDP. Development expenditure also soared, from 7.4 to 11.3 percent of GDP, though virtually the entire increase is attributable to inflows of foreign aid.

Government budget deficits have been the driving force behind inflationary growth of the money supply. In 2002 and 2003, broad money growth⁶ averaged 27 percent per year; of this, 96 percent was attributable to the financing of government deficits by the banking system—which amounts to printing money to pay the bills.⁷ The rate of money growth was not out of line with the benchmark for LIC-Africa, but that is not a strong point of reference, since inflation for this group has been very high (averaging 18 percent). In absolute terms, the combination of rapid growth of the money supply and stagnant output, as in Malawi, leads predictably to high inflation. Indeed, inflation in Malawi has averaged 20 percent over the past five years, and this high rate continued in 2004. See Figure 3-3.

Unsustainable fiscal deficits and high inflation are major sources of uncertainty, inducing economic agents to lose confidence in the viability of doing business in Malawi. This is a potent cause of low saving and investment, capital flight, exchange rate instability, and inefficient diversion of resources into inflation hedges. The result is lower growth, with particularly adverse effects on the poor, who are least capable of coping with rising prices and economic instability.

Since mid-2004, the Government has demonstrated new resolve to rein in excessive expenditure and bring inflation under control. This effort is a first-order requirement for stimulating economic growth. However, even with strong revenue mobilization and improved public expenditure management, Malawi is too poor to afford vital expenditure programs without major support from the international community. In the area of fiscal and monetary management, donor interventions may focus on helping the government build capacity and strengthen the institutional framework for policy formulation and implementation, along with programs to educate the public about the importance of sensible macroeconomic policies.

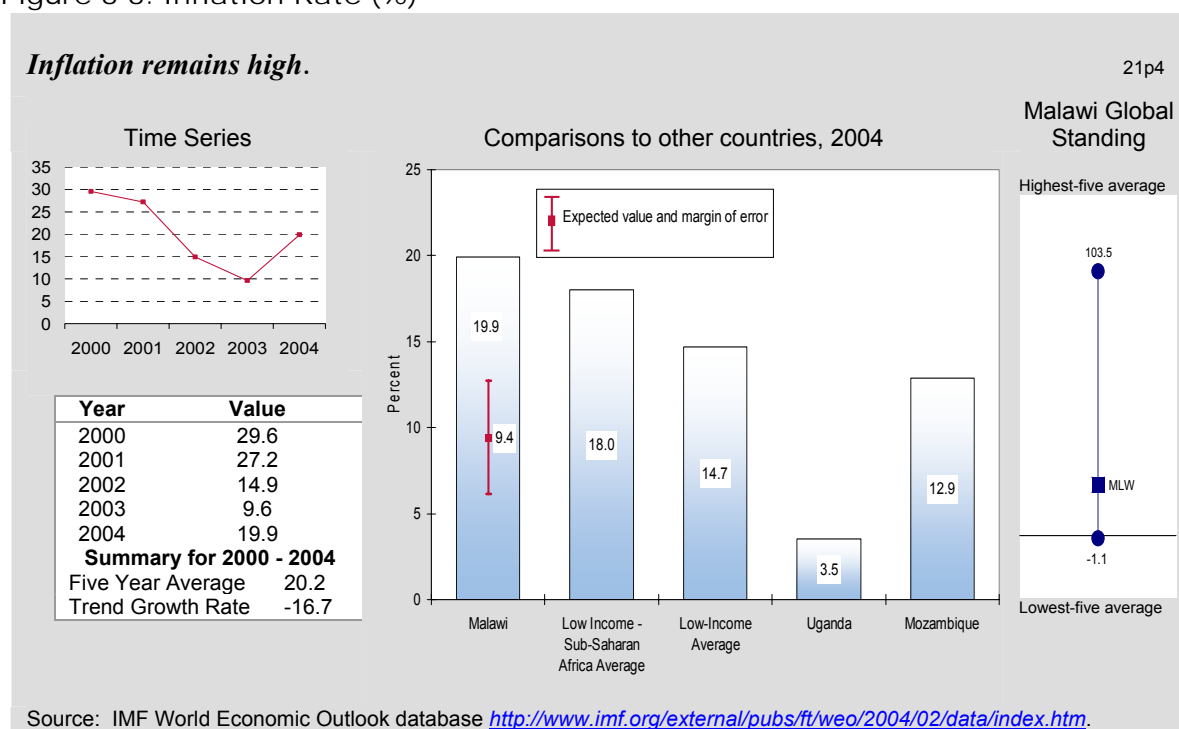
BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable economic growth.

⁶ Narrow money includes the stock of currency in circulation plus current account deposits in the banking system. Broad money includes these elements plus “quasi-money,” in the form of time and saving deposits.

⁷ Source: Calculations for this study based on monetary survey data from the IMF Article IV Review, November, 2004.

Figure 3-3. Inflation Rate (%)



Compared to peer benchmarks, Malawi's performance is reasonably good in this area, suggesting that legal and institutional barriers are not a severe constraint on growth. Yet the benchmarks represent conditions in very poor countries. In absolute terms, there is a huge need to tackle corruption, and great room to improve on other impediments to doing business.

Malawi is on par with other LIC-African countries in terms of a composite index of "Doing Business" indicators⁸ (Figure 3-4). Looking at the World Bank's Rule of Law index—an eligibility criterion for the Millennium Challenge Account—Malawi's score of -0.3 on a scale of -2.5 to +2.5 is better than the average for LIC-Africa (-0.9), and even better than Uganda and Mozambique (-0.8 and -0.7), the regional stars. Malawi's score on Transparency International's Corruption Perceptions Index (2.8 out of 10) is likewise better than the LIC-Africa average, and comparable to scores for Uganda and Mozambique (Figure 3-5). Nonetheless, any score below 3 indicates rampant corruption that seriously impairs business development. Furthermore, the five-year trend suggests that corruption in Malawi has been getting worse. This is a critical area of concern for donors. According to an IMF report,⁹ the Government has recently has taken steps to implement a new zero-tolerance policy for corruption. It would be very good news for growth prospects in Malawi if this proves to be a serious commitment.

⁸ See the Technical Notes for details. The composite index has been constructed for this report based on guidance from USAID/EGAT.

⁹ IMF Press Release No. 05/50, March 3, 2005.

Figure 3-4. Doing Business Composite Index

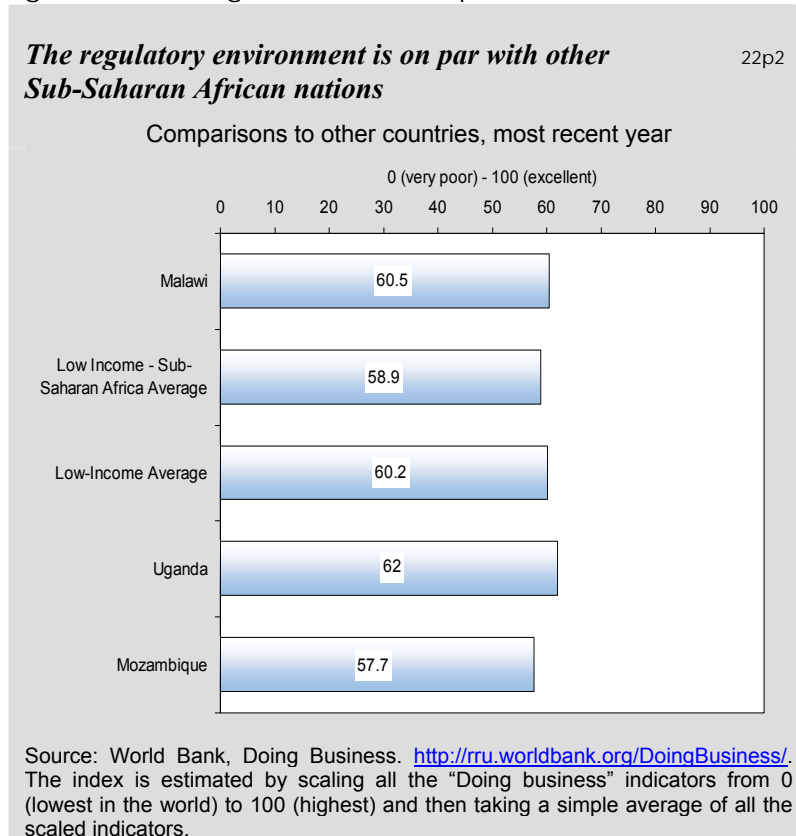
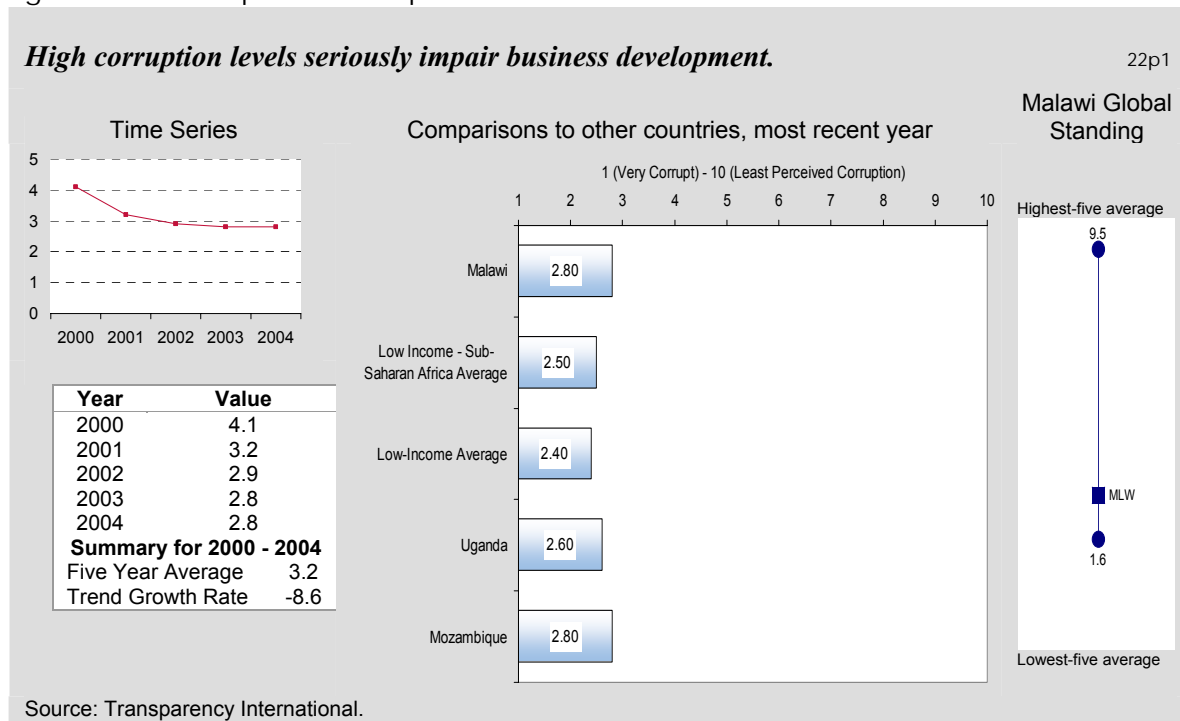


Figure 3-5. Corruption Perception Index



Without going into detail, our supporting indicators for the business environment reinforce these inferences (see the Data Supplement accompanying this report). Relative to peer comparisons, only one indicator stands out: the time to register property in Malawi (118 days) compares badly to Uganda and Mozambique (48 and 33 days, respectively). Even on this point, however, Malawi's score is better than the average for LIC-Africa (126.8 days).

FINANCIAL SECTOR

A sound, efficient, and competitive financial sector is a fundamental mechanism for mobilizing saving, allocating financial resources, fostering entrepreneurship, and improving risk management. A simple indicator of financial development is the degree of monetization, measured by the ratio of broad money (currency plus bank deposits) to GDP. The monetization ratio averages 26 percent for LIC-Africa, which is very low compared to other regions. In Malawi, the ratio has hovered around 14 percent, indicating that the banking system touches only a very small segment of the economy. The amount of bank credit to the private sector in Malawi is also miniscule: just 5 percent of GDP in 2003, down from 8 percent in 2000. These figures compare to an average of 12 percent for LIC-Africa. To put this in perspective, bank credit to the private sector averages 156 percent of GDP in the top five countries globally. In short, the banking system is severely underdeveloped.

For businesses that do obtain bank credit, the cost is very high. The real interest rate on bank loans has risen in recent years to reach 28 percent in 2002. The spread between lending and deposit rates has persistently been around 20 percent. Both statistics are well above the respective international benchmarks (see Figures 3-6 and 3-7). The punitive cost of borrowing is related to the government's large demand for credit to finance the budget deficit, which crowds out financing for the private sector. Other possible factors include inefficient bank operations, a high rate of non-performing loans, or a highly concentrated financial system that allows banks to charge what the market will bear. The important point, for present purposes, is that the underdeveloped financial system is a choke-point for growth. The system does little to mobilize saving or allocate resources to efficient investment. If anything, the high cost of credit actively discourages investment. Financial sector development could therefore be an important strategic priority for USAID. A more detailed study would be required, however, to determine the best opportunities and appropriate avenues for intervention.

EXTERNAL SECTOR

Fundamental changes in international commerce and finance, such as lower transport costs, advances in telecommunications technology, and the decline in policy barriers have fueled a rapid increase in global integration over the past 25 years. The international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Malawi to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. Globalization also creates new challenges in the need for institutions, policies, and regulations to take full advantage of international markets; cost-effective approaches to cope with the adjustment costs; and systems for monitoring and mitigating associated risks.

Figure 3-6. Real Interest Rate (%)

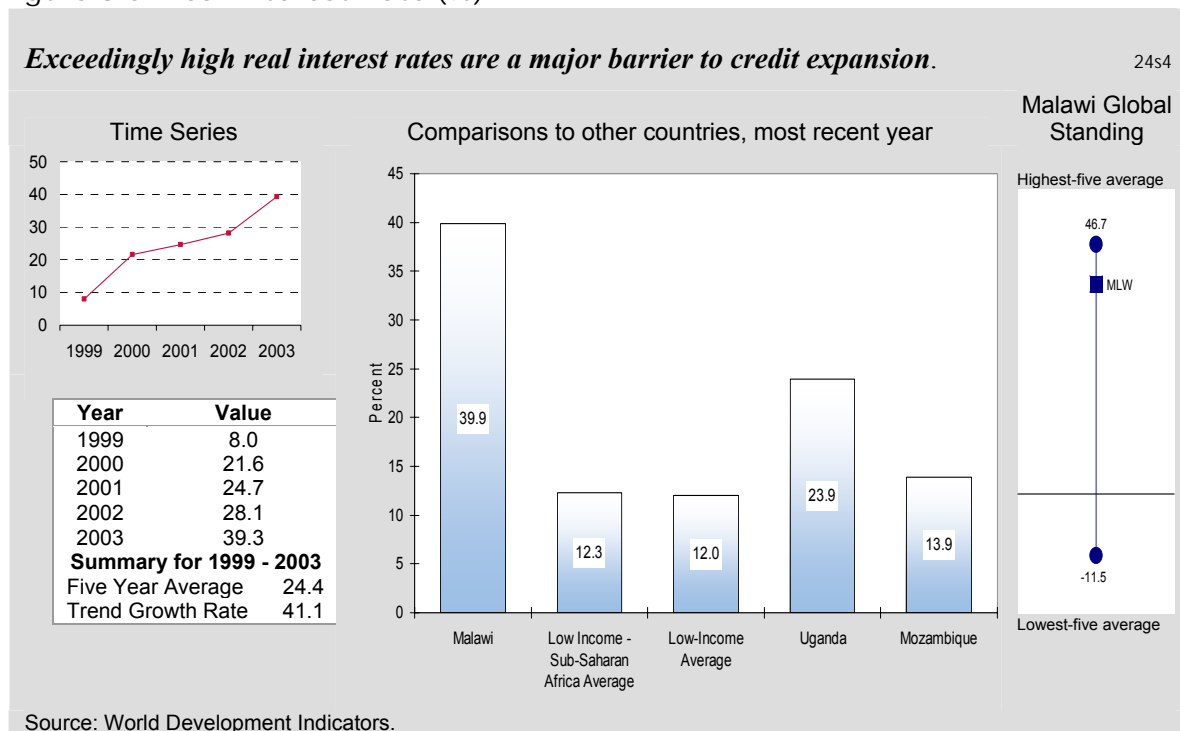
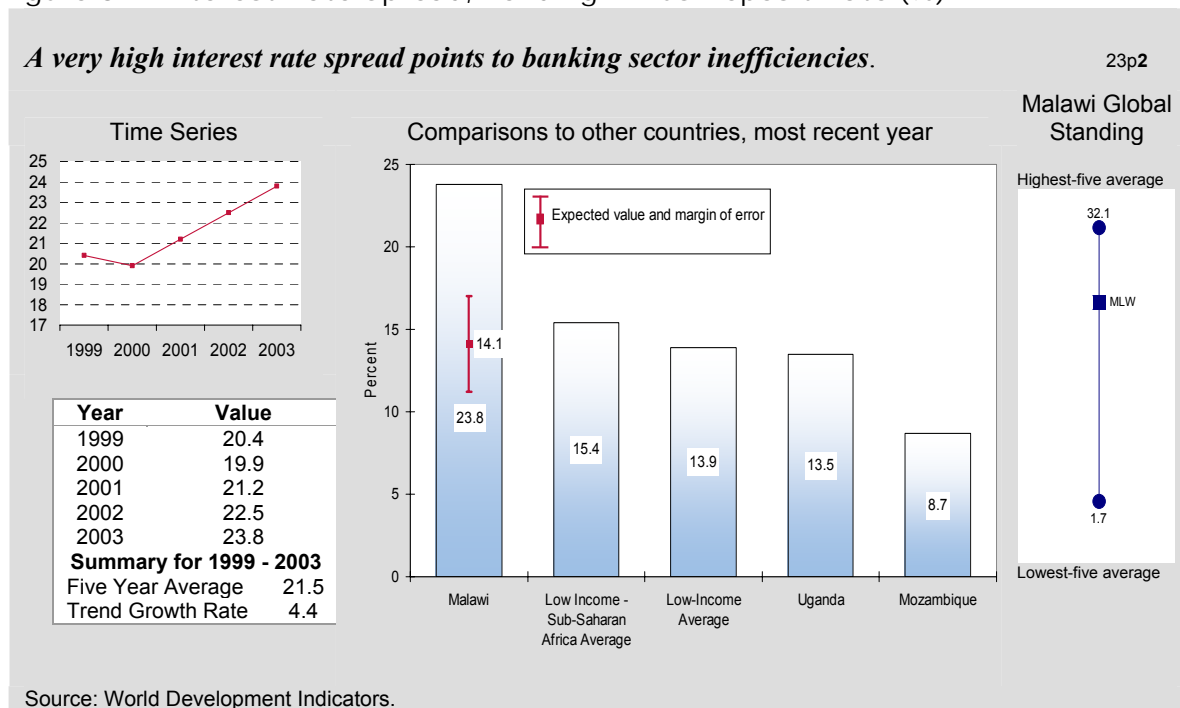


Figure 3-7. Interest Rate Spread, Lending Minus Deposit Rate (%)



Malawi is a relatively open economy, but the data reveal serious problems in the external sector. These include low export growth, highly concentrated export earnings, high dependency on foreign aid, very low recorded remittances from nationals outside the country, a precarious current account balance, extremely low inflows of foreign investment, and dangerously low levels of foreign exchange reserves.

International Trade and the Current Account

The most common indicator of openness to trade is the ratio of exports plus imports (goods and services) to GDP. The ratio for Malawi, 68 percent, is fully in line with the international benchmarks (Figure 3-8). Yet export earnings have been virtually stagnant, averaging just 1.5 percent growth over the past five years, in US dollar value (Figure 3-9). Moreover, export growth has been extremely erratic from year to year, due to high dependency on a few primary products. Tobacco, sugar, and tea account for 80 percent of total earnings. There is an acute need for export diversification.

Despite the weak export performance, the Heritage Foundation gives Malawi a score of 3 for its composite trade policy index (in a range of 1 for very good and 5 for poor); the average for LIC-Africa is 4.1, suggesting that Malawi is slightly ahead of other countries in the region in liberalizing trade. One major trade disadvantage stems from an appreciation of 15 percent in the real exchange rate from 1995 to 2002; the average for LIC-Africa is a depreciation of 7 percent. The relative change in currency values rendered Malawian goods less competitive. In addition, the terms of trade for Malawi declined by 15 percent in 2002 and 2003.¹⁰ These factors contribute to the lack of dynamic trade performance. Considering other indicators, however, the core problem appears to be the weak enabling environment, in general, for stimulating investment and private sector development.

Imports of goods and services far exceeded export earnings. This gap might be offset partially through worker remittances, but the data give no indication that Malawi is effectively tapping this source of funds. In 2002 recorded remittances were just 0.2 percent of exports, versus an average of 11.6 percent for LIC-Africa. With millions of Malawians working abroad, it should be possible to capture remittances much more effectively with secure and accessible cash transfer systems—not to mention better economic policies to encourage Malawians to invest at home.

The overall current account deficit has been extremely large. Excluding official transfers (grants), the deficit was 24.5 percent of GDP in 2002 and 17.8 percent in 2003. Taking grants into account, the deficit still averaged over 10 percent of GDP for these two years, creating an unsustainable financing requirement (Figure 3-10).

¹⁰ A decline in the terms of trade means that any given volume of exports buys fewer imports. Terms of trade data are from the IMF Article IV Review for Malawi, Statistical Annex, December 2004, Table 16.

Figure 3-8. Trade (% GDP)

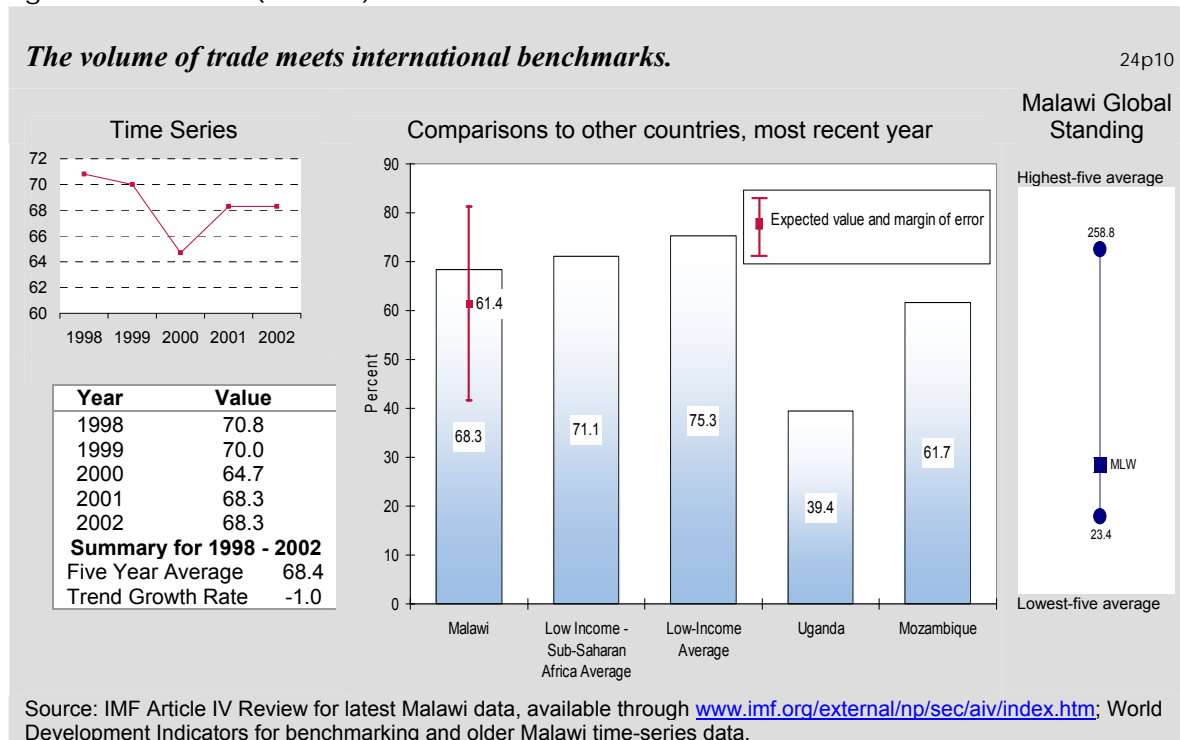


Figure 3-9. Exports Growth of Goods and Services (% Change)

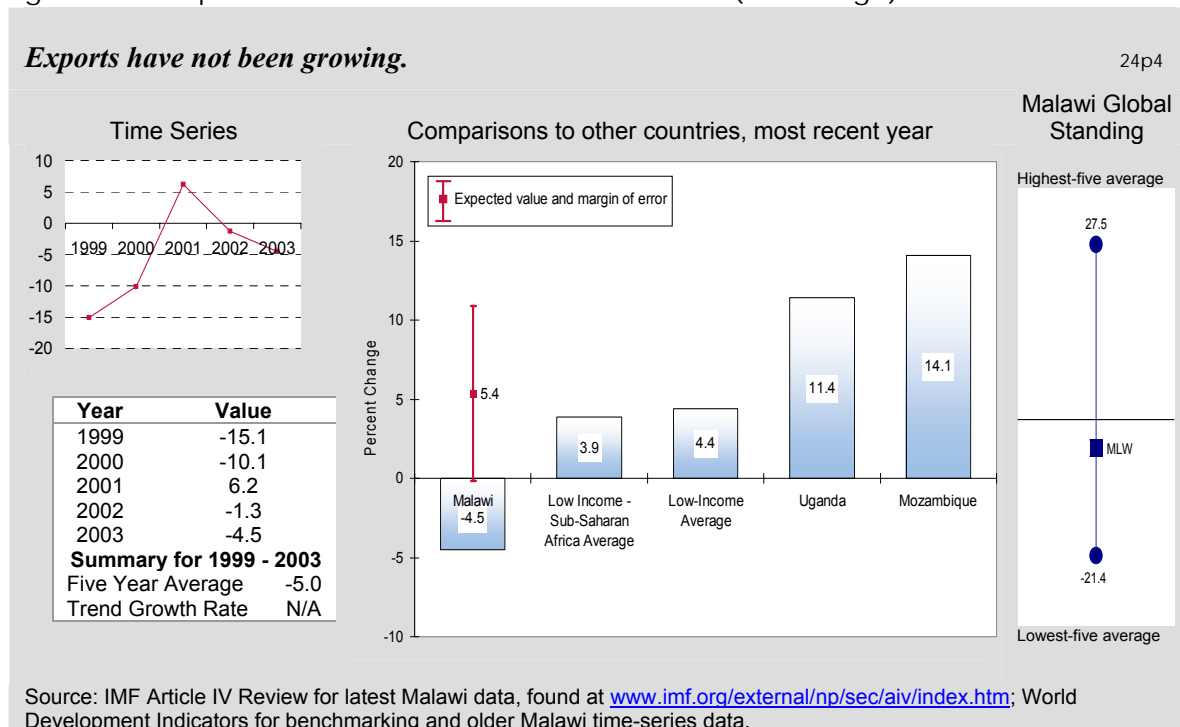
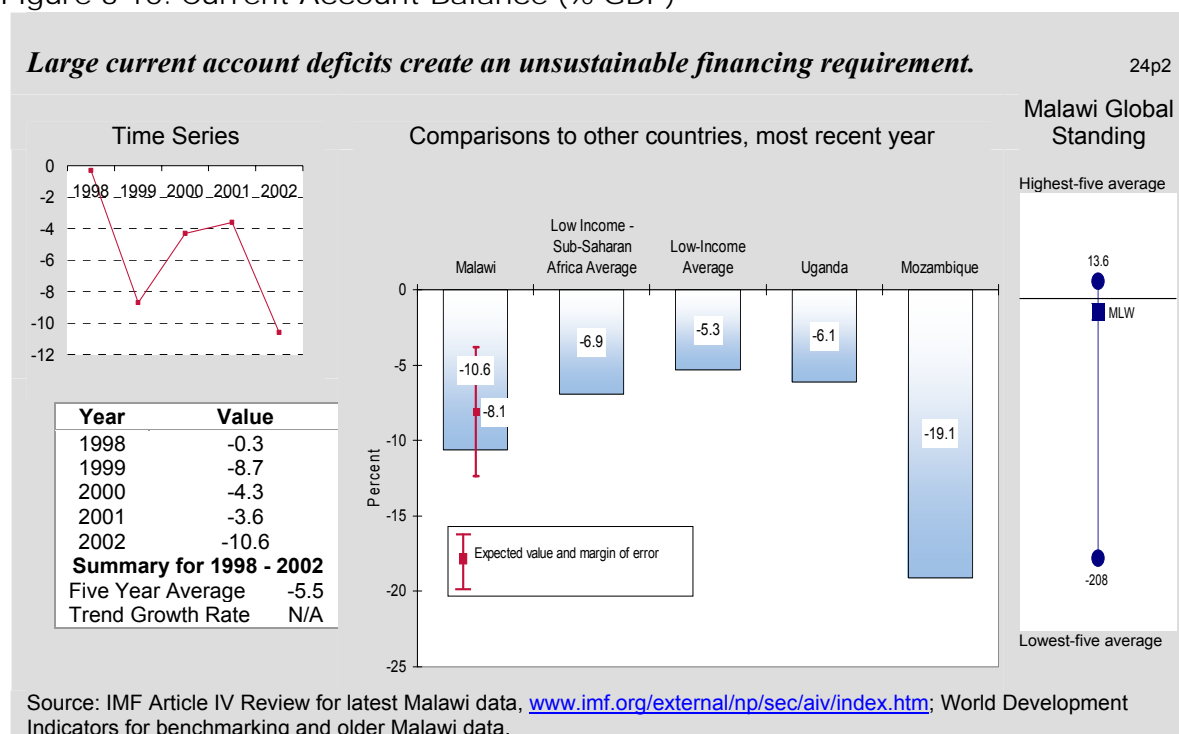


Figure 3-10. Current Account Balance (% GDP)



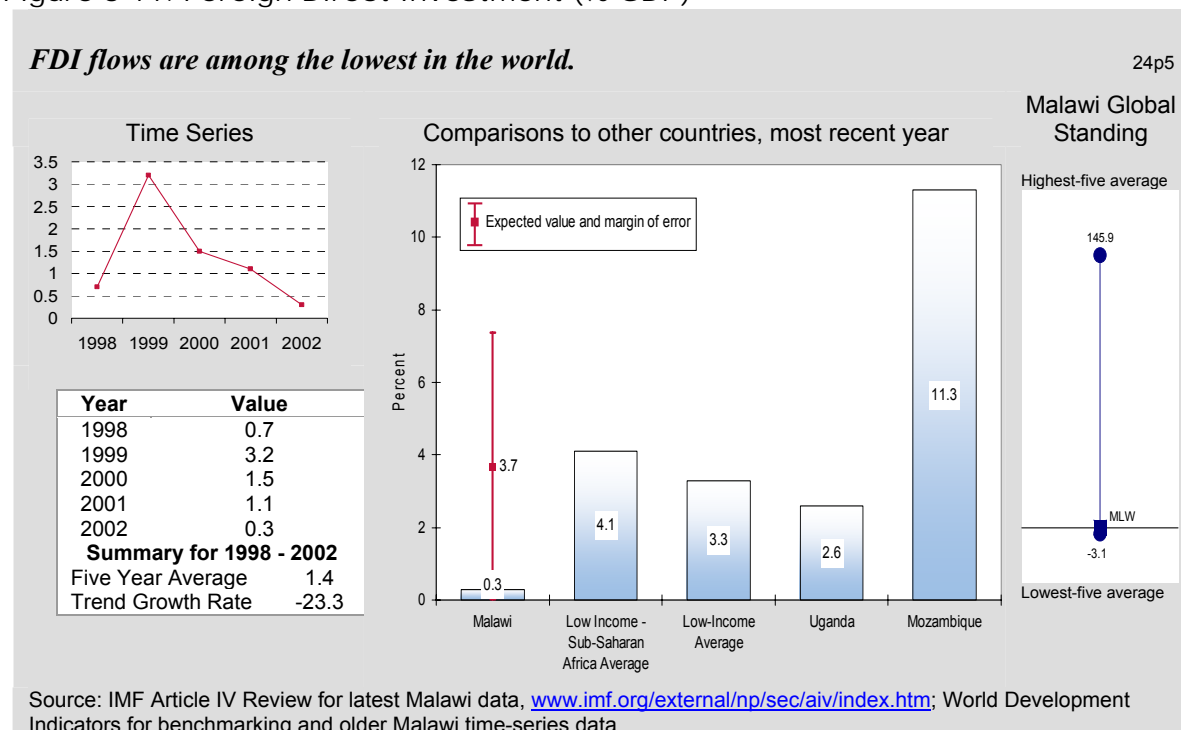
International Financing

Malawi's current account deficit represents a huge resource gap that must be financed. Foreign aid is by far the main source of financing. The net flow of aid (grants and soft loans) averaged 25 percent of GDP between 1998 and 2001, falling to 20 percent in 2002. This is a very high level of aid dependency. In relative terms, it exceeds the average of 17 percent for LIC-Africa, yet it is slightly below the statistical expected value for Malawi's level of income.

Private capital flows are another major source of external financing in most countries. For Malawi, the amounts are small in absolute terms, and much lower than the benchmark standards. Foreign direct investment (FDI), in particular, averaged just 1.4 percent of GDP from 1998 to 2002, barely a third the average for LIC-Africa (Figure 3-11).

To the extent that aid and private capital flows fall short of the financing requirement, the deficit must be covered by reducing foreign exchange reserves. In 2003, gross international reserves in Malawi declined to a level that covers just 1.8 months of imports, compared to a comfortable 4 months of import cover in 2000. This is the clearest sign that the external sector has verged on a crisis. USAID, of course, is not in the business of solving short-run macroeconomic crises, but the situation reveals a compelling need for better policies to foster export growth, attract remittances, and stimulate private investment flows.

Figure 3-11. Foreign Direct Investment (% GDP)



Debt

The data suggest that external debt is no longer a major problem for Malawi. World Bank figures show that debt service payments have declined in recent years to less than 8 percent of export earnings. Also, the present value of future debt payments is below 50 percent of GDP. Both figures are well below the threshold to signal a serious debt problem.

ECONOMIC INFRASTRUCTURE

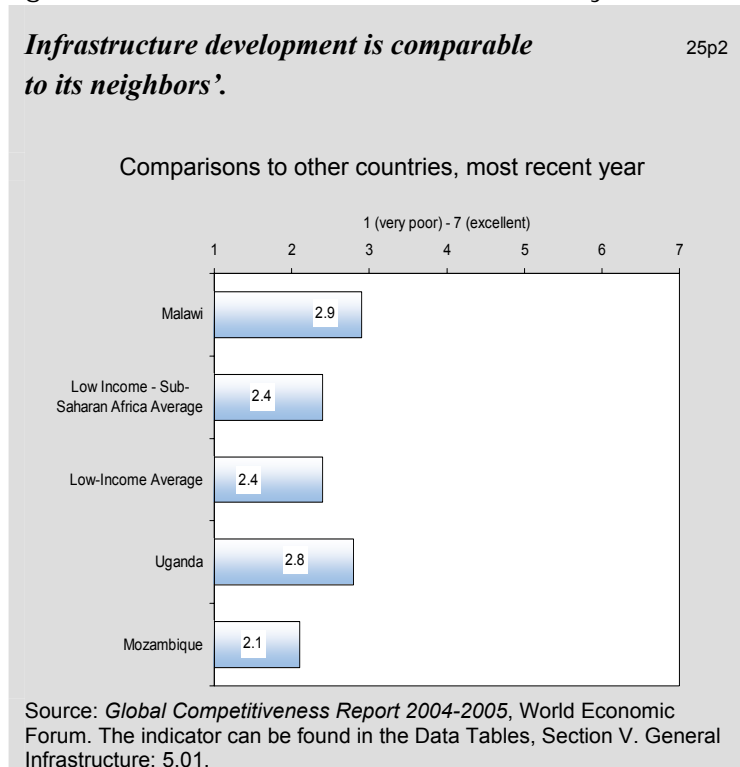
A country's physical infrastructure—for transportation, communications, power, and information technology—is the backbone for improving competitiveness and expanding productive capacity. Key indicators for Malawi show a mixed picture about infrastructure development to support business development.¹¹

The broadest indicator of infrastructure *quality* for business development is an index of executive perceptions compiled by the World Economic Forum (WEF). Malawi's score of 2.9 (out of 7) is better than the median for LIC-Africa, better than the score for Mozambique, and comparable to the score for Uganda (Figure 3-12). The perception of adequate infrastructure quality, by regional standards, carries through WEF survey results for rail development (with a score of 2.1), port

¹¹ This section relies on perception indicators to assess infrastructure quality and adequacy. Objective measures of infrastructure *quantity* often have little diagnostic value. For example, a low value for kilometers of paved roads does not imply that there is a problem to be fixed, since unpaved all-weather roads may be more efficient than paving secondary and tertiary roads in poor countries.

facilities (2.3)—particularly dry ports, for Malawi—and air transportation, all of which are very important given Malawi's landlocked position. However, Malawi score on the quality of electricity supply (2.1) is well below the benchmark standards. Problems with electricity supply create yet another competitive disadvantage for local businesses.

Figure 3-12. Overall Infrastructure Quality



For communications infrastructure, two indicators tell a story of serious underdevelopment. Telephone density in Malawi is 15 lines per 1000 people (including mobile phones), and the number of internet users per 1000 people is 3.4. Both figures are extremely low compared to the LIC-Africa averages of 32 phone lines and 10.3 internet users per 1000 people, though they are

consistent with the expected value for an African country with Malawi's low level of income. With communication technology being a vital link for international transactions, the poor state of this infrastructure is a serious barrier to trade and investment. The good news is that both of these indicators are rising rapidly in Malawi, albeit from rock-bottom levels.

Given the critical importance of infrastructure for economic growth, and the weak conditions in Malawi, this may be an important area for USAID intervention, particularly through sustainable approaches such as improvements in capital budgeting, better planning for recurrent costs, and greater involvement of the private sector.

SCIENCE AND TECHNOLOGY

Science and technology are central elements of a dynamic business environment, and technical knowledge is a driving force for rising productivity and competitiveness. Even for low-income countries, transformational development increasingly depends on acquiring and adapting technology from the global economy, and applying it in ways that are appropriate to their level of development. A lack of capacity to access and utilize technology prevents an economy from leveraging the benefits of globalization. Unfortunately, few international indicators of science and technology are available for judging performance in low-income developing countries. Hence, one must draw inferences from a very limited data set, as proxies for other missing information.¹²

The primary indicator of indigenous science and technology capability is the number of patents filed each year by residents of the country. Malawi has averaged just 3 such patents per year over the past five years. This is comparable to the average of 2 for LIC-Africa, but performance is extremely poor for the entire group. Another useful technology indicator is the number of internet users per 1000 people; as discussed in the previous section, Malawi remains far behind other low-income countries in Africa by this measure, though internet use is growing quickly. No data are available for Malawi on R&D expenditure. The absence of data, in itself, is a sign of poor science and technology development.

¹² For many low-income countries, one cannot even find timely data on enrollments in science and technology programs.

4. Pro-Poor Growth Environment

Rapid growth is the most powerful and dependable instrument for poverty reduction. Yet the link between growth and poverty reduction is not mechanical. In some countries, the structure of development fosters income growth for poor households that exceeds overall per capita income growth; in other settings growth benefits accrue disproportionately to the non-poor. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor, while reducing their vulnerabilities. These characteristics are associated with improvements in primary health and education, the creation of jobs and income opportunities, the development of skills, micro-finance, agricultural development (for countries like Malawi with large population of rural poor), and gender equality.¹³ This section focuses on four of these issues that contribute to pro-poor growth: health; education; employment and the workforce; and agricultural development.

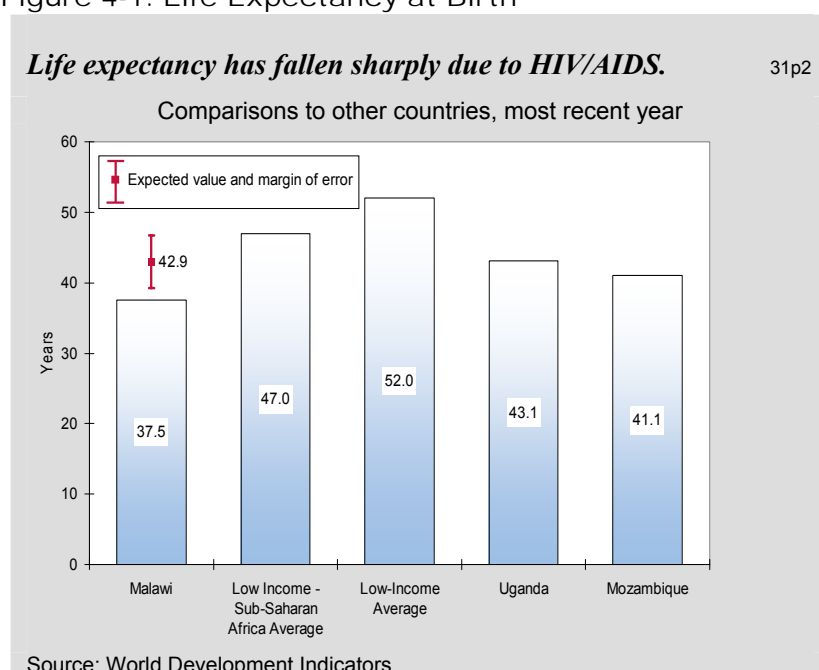
HEALTH

The provision of basic health service is a major form of human capital investment, and a significant determinant of economic growth and poverty reduction. Although health programs do not fall under the EGAT bureau, an understanding of the health status of the population can influence the design of EG programs.

The broadest indicator of health status is life expectancy. In Malawi life expectancy has dropped precipitously in recent years to 37.5 years, one of the lowest levels in the world. This is due primarily to the impact of the HIV/AIDS epidemic, on top of already high rates of infant and child mortality (Figure 4-1). Reversing this trend is crucial since the prevalence of poor health and premature death affects all aspects of the economy, including labor productivity, saving rates, the delivery of public services, the education of future generations, overall growth, and poverty. Data show that HIV prevalence among adults has decreased slightly from 16 percent in 1999 to 14.2 in 2003, but this change may reflect more accurate measurement, or the impact of deaths from AIDS, rather than an actual improvement in the situation. In any case, the HIV/AIDS epidemic in Malawi is one of the most severe in the world. This dire situation needs to be addressed in any economic growth strategy.

¹³ Since the report concentrates on economic growth issues, the analysis does not cover emergency relief.

Figure 4-1. Life Expectancy at Birth



Malawi's maternal mortality rate (MMR), at 18 deaths per 1000 live births, is also among the highest in the world, confirming the severity of the national health crisis and the human cost of deep poverty (Figure 4-2). More than half of all births are attended by trained health personnel, which is a higher rate than in most low-income African countries. Nonetheless, inadequate access to, quality of, or knowledge about health care is causing the death of many women in childbirth.

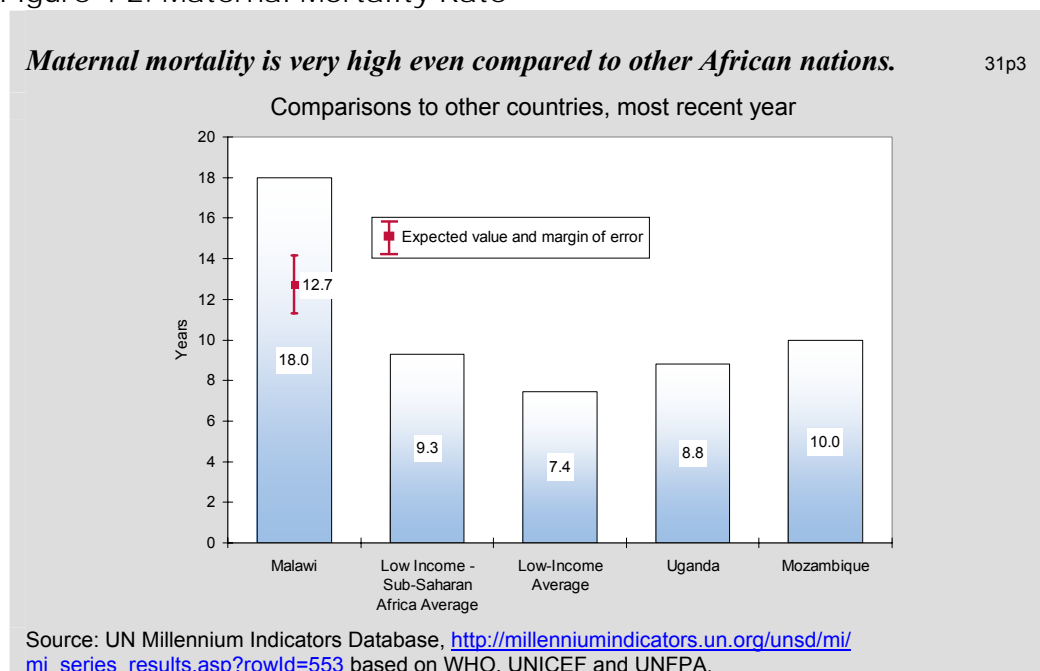
The Malawi government has been taking steps to improve conditions in the health sector. In line with the PRSP guidelines, public expenditure on health care has risen from 2.7 percent of GDP in 2001 to an estimated 4.7 percent in 2004. In addition, Malawi is at or above the LIC-Africa norm on important health indicators such as access to improved water and sanitation, and child immunization.

EDUCATION

The government of Malawi has taken the goal of eliminating poverty through education seriously by introducing free primary education in the last decade. As a result, 81 percent of primary school age children are now enrolled in school, well above the average for LIC-Africa, and youth literacy has risen slowly but steadily to reach 73 percent in 2002, virtually matching the corresponding peer-group average.

Although great gains have been made in access to primary education for poorer-socio-economic groups, this does not automatically translate into a higher percentage of students completing primary school. According to the latest data, for 2000, 54 percent of the students persist to grade five, a very low performance indicator. Dropout rates remain especially high for girls in rural areas. The increase in primary enrolment may also be compromising the all-important quality

Figure 4-2. Maternal Mortality Rate



dimension. This is most evident in the primary school pupil-teacher ratio, which reached 63:1 in 1999 (latest data point), virtually the highest ratio in the world.

The data therefore suggest that the key problem in the education sector is quality. Appropriate measures may include teacher training to improve the teacher- pupil ratio, better financing of teaching and learning materials, improved curriculum, and innovative incentives to keep children in school, particularly girls.

EMPLOYMENT AND WORKFORCE

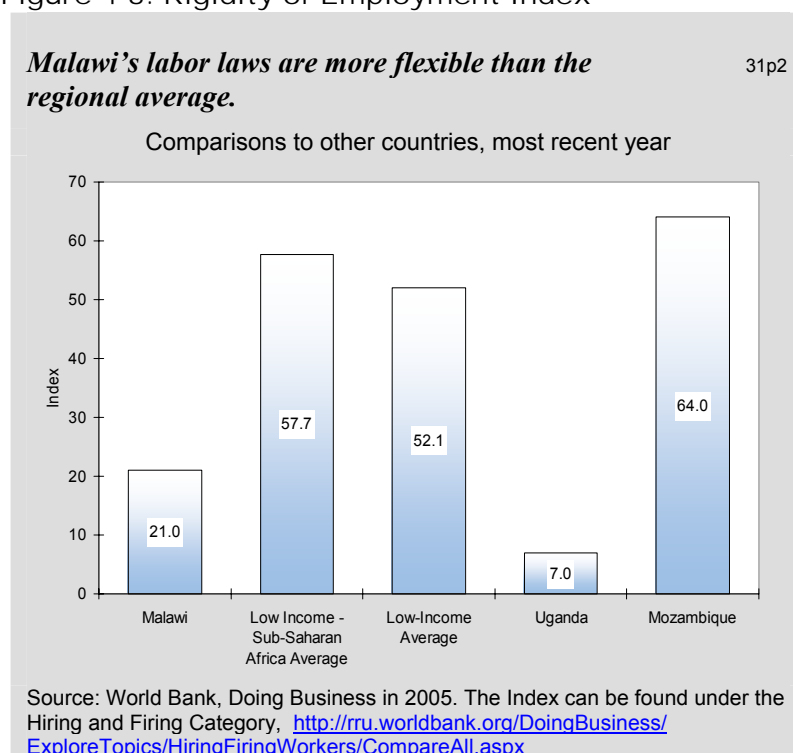
Malawi faces an acute need to create productive jobs and income generating opportunities for the growing population. Reflecting Malawi's very youthful demographic structure, the labor force is estimated to be growing by 2 percent per year. Although this is below the average of 2.6 percent per year for LIC-Africa—most likely due to the ravages of HIV/AIDS—the economy needs to absorb roughly 100,000 new workers each year.

The labor force participation rate in Malawi is extremely high, with an estimated 93 workers per 100 people of working age (15-64). The average of 88 for LIC-Africa is also very high, compared to 77 for low-income countries globally. In part, the high values are a consequence of deep and severe poverty, because very poor people can ill afford the luxury of remaining outside the labor force. But the figure also hints at a serious labor market problem in Malawi and other low-income countries in Africa: the use of children as workers. The International Labour Organization estimates that 31.5 percent of children from ages 10 to 14 were working as child laborers in

2000.¹⁴ Moreover, the ILO categorizes child labor conditions in Malawi as the “worst form,” due to potential hazards to health and safety. The tobacco industry is a major offender, with other small-scale farm activities close behind. This problem may be a high priority for attention by USAID and other funding agencies, when planning education programs or strategies to stimulate agricultural production.

On the bright side, Malawi’s labor laws and regulations are relatively favorable for job creation. The World Bank’s index of Rigidity of Employment measures the difficulty in hiring and firing workers on a scale of 0 to 100 (with higher values indicating greater rigidity). The score of 21 for Malawi in 2004 is far better than the average of 58 for LIC-Africa (Figure 4-3). Uganda’s score of 7 shows that there is still considerable scope for improvement in Malawi. Even so, the regulatory environment is not a central constraint on job creation. The main issue is the inability of the country to attract investment of any sort, due to problems in other areas discussed above.

Figure 4-3. Rigidity of Employment Index



AGRICULTURE

The basic picture in agriculture is one of moderately good performance, but with large year to year fluctuations, and low labor productivity due to severe population pressure on the land and an extreme absence of off-farm jobs. Agriculture accounts for more than one-third of GDP, and 80% of export earnings. An estimated 90 % of the population lives in rural areas; nearly all of these

¹⁴ Global March against Child Labour (2004), 2002 Global Report on the Worst Forms of Child Labour.

people depend on agriculture for their livelihood, primarily through very small-scale subsistence production. Hence, conditions in agriculture have a large bearing on overall growth and poverty.

Agricultural output has been highly erratic from year to year, showing the impact of rainfall variations, as well as changes in the availability of inputs such as fertilizer (through the Starter Pack program, for example). Even so, the underlying trend has been reasonably favorable. The sector has grown by nearly 4 percent per year over the past five years. This is far better than the LIC-Africa average of 0.7 percent, though below recent growth rates in Uganda (5 percent) and Mozambique (7 percent). Another positive factor is that growth has been somewhat faster among smallholders than in the estate sector. Overall crop production has risen by 50 percent since 1990, compared to an average of only 38 percent for other low-income African countries. Cereal yield has been rising by 3.3 percent per year, and the average of 1,045 kilograms per hectare is very similar to the benchmark standard of 1,087 for LIC-Africa.

Value added per worker in agriculture, at \$119.2 (in constant 1995 prices) is less than one-third the average of \$384 for low-income countries in sub-Saharan Africa the region (Figure 4-4). This factor alone goes a long way to explaining the high rate of poverty in Malawi. Since output yields are comparable to the regional norms, the productivity indicator shows that agricultural production in Malawi is exceedingly labor-intensive—resulting from very high population pressure on limited arable land,. Other factors such as lack of access to agricultural equipment, fertilizer, and quality seeds may also be driving low productivity, but suitable indicators are not available for this study. In any case, poor subsistence farmers in Malawi lack funds to obtain modern inputs, and the financial system is not filling the gap (as indicated by the financial sector data reviewed earlier). Policy constraints do not appear to be the main problem. According to the World Economic Forum, Malawi receives a score of 3.8 (out of 7, with 7 being best) on a survey question regarding the burden of policy costs in agriculture. This is comparable to the benchmark standard for LIC-Africa, and also for low-income countries globally. Still, in absolute terms the score is fairly low, indicating considerable room for policy reform.

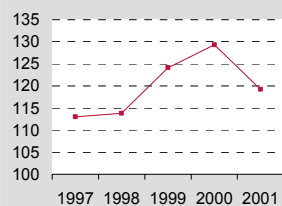
On balance, agricultural development is a critical determinant of economic growth and poverty reduction in Malawi. In the medium to long run, however, the major problem is to transform the economy by stimulating investment and creating jobs outside of agriculture.

Figure 4-4. Agriculture Value Added per Worker

Value added per worker in agriculture is extremely low.

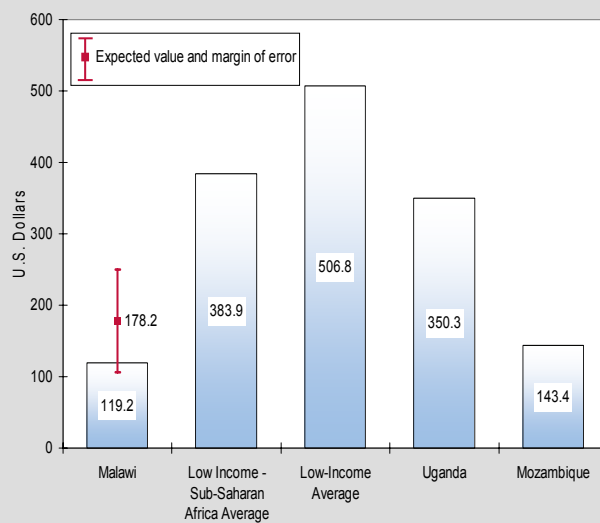
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Time Series



Year	Value
1997	113.0
1998	113.8
1999	124.1
2000	129.3
2001	119.2
Summary for 1997 - 2001	
Five Year Average	.
Trend Growth Rate	.

Comparisons to other countries, most recent year



Malawi Global Standing

Highest-five average

59760

MLW
127

Lowest-five average

Source: IMF Article IV Reviews for latest country data www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmarking data.

Appendix

CRITERIA FOR SELECTING INDICATORS

The scope of the paper is constrained by the availability of suitable indicators. Indicators have been chosen to balance the need for broad coverage and diagnostic value, on the one hand, and the need of brevity and clarity, on the other. The analysis covers 15 EG-related topics, and just over 100 variables. For the sake of brevity, the write-up in the text highlights issues for which the “dashboard lights” appear to be signaling problems, which suggest possible priorities for USAID intervention. The accompanying table provides a full list of the indicators examined for this report. A separate Data Supplement contains the complete Malawi data set, including data for the benchmark comparisons, and technical notes for every indicator.

For each topic, the analysis begins with a screening of *primary performance indicators*. These “level I” indicators are selected to answer the question: Is the country performing well or not in this area? The set of primary indicators also includes descriptive variables such as per capita income, the poverty head count, and the age dependency rate.

In areas of weak performance, the analysis proceeds to review a limited set of *diagnostic supporting indicators*. These “level II” indicators provide more details about the problem or shed light on *why* the primary indicators may be weak. For example, if economic growth is poor, one can examine data on investment and productivity as diagnostic indicators. If a country performs poorly on educational achievement, as measured by the youth literacy rate, one can examine determinants such as expenditure on primary education, and the pupil-teacher ratio.¹⁵

The indicators have been selected on the basis of several criteria. Each one must be accessible through USAID’s Economic and Social Database or convenient public sources, particularly on the internet. The indicators must be available for a large number of countries, including most USAID client states. The data must be sufficiently timely to support an assessment of country performance that is suitable for strategic planning purposes. Data quality is another consideration. For example, subjective survey responses are used only when actual measurements are not available. Aside from a few descriptive variables, the indicators must also be useful for diagnostic purposes. Preference is given to measures that are widely used, such as Millennium Development Goal indicators, or evaluation data used by the Millennium Challenge Corporation. Finally, an effort has been made to minimize redundancy. If different indicators provide similar information,

¹⁵ Deeper analysis of the topic using more detailed data (level III) is beyond the scope of papers in this series.

preference is given to one that is simplest to understand. For example, both the Gini coefficient and the share of income accruing to the poorest 20 percent of households can be used to gauge income inequality. We use the income share because it is simpler, and more sensitive to changes.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria, rather than a single mechanical rule. The starting point is a comparison of performance in Malawi relative to the average for countries in the same income group and region—in this case, low-income countries in sub-Saharan Africa (hereafter “LIC-Africa”).¹⁶ For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries selected by the Malawi mission (Uganda and Mozambique); and (3) the average for the five best and five worst performing countries globally. Most comparisons are framed in terms of values for the latest year of data from available sources. Five-year trends are also taken into account if they shed light on the performance assessment.¹⁷

For selected variables, a second source of benchmark values uses statistical regression analysis to establish an expected value for the indicator, controlling for income and regional effects.¹⁸ This approach has three advantages. First, the benchmark is customized to Malawi’s specific level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows one to quantify the margin of error and establish a “normal band” for a country with Malawi’s characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.¹⁹

Finally, where relevant, Malawi’s performance is weighed against absolute standards. For example, Malawi’s inflation rate averaged 20 percent over the past five years. Regardless of the regional comparisons or regression results, this is a sign of serious economic mismanagement.

¹⁶ Income groups as defined by the World Bank for 2004. For this study, the average is defined in terms of the mean; future studies will use the median instead, because the values are not distorted by outliers.

¹⁷ The five-year trends are computed by fitting a log-linear regression line through the data points. The alternative of computing average growth from the end points produces aberrant results when one or both of those points diverges from the underlying trend.

¹⁸ This is a cross-sectional OLS regression using data for all developing countries. For any indicator, Y , the regression equation takes the form: Y (or $\ln Y$, as relevant) = $a + b * \ln \text{PCI} + c * \text{Region} + \text{error}$ —where PCI is per capita income in PPP\$, and Region is a set of 0-1 dummy variables indicating the region in which each country is located. Once estimates are obtained for the parameters a , b and c , the predicted value for Malawi is computed by plugging in Malawi-specific values for PCI and Region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

¹⁹ This report uses a margin of error of 0.66 times the standard error of estimate (adjusted for heteroskedasticity, where appropriate). With this value, 25% of the observations should fall outside the normal range on the side of poor performance (and 25% on the side of good performance). Some regressions produce a very large standard error, giving a “normal band” that is too wide to provide a discerning test of good or bad performance.

LIST OF INDICATORS

	Level	MDG/MCA/EcGov ^a	CAS Indicator Code
OVERVIEW OF THE ECONOMY			
Growth Performance			
Per capita GDP, \$PPP	I		11P1
Per capita GDP, current US\$	I		11P2
Real GDP growth	I		11P3
Growth of labor productivity	II		11S1
Investment Productivity - Incremental Capital-Output Ratio (ICOR)	II		11S2
Gross fixed investment, % GDP	II		11S3
Gross fixed private investment, % GDP	II		11S4
Poverty and Inequality			
Human poverty index	I		12P1
Income-share, poorest 20%	I		12P2
Population living on less than \$1 PPP per day	I	MDG	12P3
Poverty headcount, by national poverty line	I	MDG	12P4
PRSP Status	I	EcGov	12P5
Population below minimum dietary energy consumption	II	MDG	12S1
Poverty gap at \$1 PPP a day	II		12S2
Economic Structure			
Labor force structure	I		13P1
Output structure	I		13P2
Demography and Environment			
Adult literacy rate	I		14P1
Age dependency rate	I		14P2
Environmental sustainable index	I		14P3
Population size and growth	I		14P4
Urbanization rate	I		14P5
Gender			
Adult literacy rate, ratio of male to female	I	MDG	15P1
Gross enrollment rate, all levels, ratio of male to female,	I	MDG	15P2
Life expectancy at birth, ratio of male to female	I		15P3
PRIVATE SECTOR ENABLING ENVIRONMENT			
Fiscal and Monetary Policy			
Govt. expenditure, % GDP	I	EcGov	21P1
Govt. revenue, % GDP	I	EcGov	21P2
Growth in the money supply	I	EcGov	21P3
Inflation rate	I		21P4
Overall govt. budget balance, including grants, % GDP	I	EcGov	21P5
Composition of govt. expenditure	II		21S1
Composition of govt. revenue	II		21S2
Composition of money supply growth	II		21S3

	Level	MDG/MCA/EcGov ^a	CAS Indicator Code
Business Environment			
Corruption perception index	I	EcGov	22P1
Doing business composite index	I	EcGov	22P2
Rule of law index	I	MCA / EcGov	22P3
Cost of starting a business, % GNI per capita	II	EcGov	22S1
Procedures to enforce contract	II	EcGov	22S2
Procedures to register property	II	EcGov	22S3
Procedures to start a business	II	EcGov	22S4
Time to enforce a contract	II	EcGov	22S5
Time to register property	II	EcGov	22S6
Time to start a business	II	EcGov	22S7
Financial Sector			
Domestic credit to private sector, % GDP	I		23P1
Interest rate spread	I		23P2
Money supply, % GDP	I		23P3
Stock market capitalization rate, % of GDP	I		23P4
Cost to create collateral	II		23S1
Country credit rating	II	MCA	23S2
Legal rights of borrowers and lenders index	II		23S3
Real Interest rate	I		23S4
External Sector			
Aid , % GNI	I		24P1
Current account balance, % GDP	I		24P2
Debt service ratio, % exports	I	MDG	24P3
Export growth of goods and services	I		24P4
Foreign direct investment, % GDP	I		24P5
Gross international reserves, months of imports	I	EcGov	24P6
Gross Private capital inflows, % GDP	I		24P7
Present value of debt, % GNI	I		24P8
Remittance receipts, % exports	I		24P9
Trade, % GDP	I		24P10
Concentration of Exports	II		24S1
Inward FDI Potential Index	II		24S2
Net barter terms of trade	II		24S3
Real effective exchange rate (REER)	II	EcGov	24S4
Structure of merchandise exports	II		24S5
Trade policy index	II	MCA / EcGov	24S6
Economic Infrastructure			
Internet users per 1000 people	I	MDG	25P1
Overall infrastructure quality	I	EcGov	25P2
Telephone density, fixed line and mobile	I	MDG	25P3
Quality of infrastructure – railroads, ports, air Transport, and electricity	II		25S1
Telephone cost, average local call	II		25S2

	Level	MDG/MCA/EcGov ^a	CAS Indicator Code
Science and Technology			
Expenditure for R&D, % GNI	I		26P1
FDI and technology transfer index	I		26P2
Patent applications filed by residents	I		26P3
PRO-POOR GROWTH ENVIRONMENT			
Health			
HIV prevalence	I		31P1
Life expectancy at birth	I		31P2
Maternal mortality rate	I	MDG	31P3
Access to improved sanitation	II	MDG	31S1
Access to improved water source	II	MDG	31S2
Births attended by skilled health personnel	II	MDG	31S3
Child immunization rate	II		31S4
Prevalence of child malnutrition (weight for age)	II		31S5
Public health expenditure, % GDP	II	EcGov	31S6
Education			
Net primary enrollment rate	I	MDG	32P1
Persistence in school to grade 5	I	MDG	32P2
Youth literacy rate	I		32P3
Education expenditure, primary, % GDP	II	MCA/ EcGov	32S1
Expenditure per student, % GDP per capita – primary, secondary, and tertiary	II	EcGov	32S2
Pupil-teacher ratio, primary school	II		32S3
Employment & Workforce			
Labor force participation rate, females, males, total	I		33P1
Rigidity of employment index	I	EcGov	33P2
Size and growth of the labor force	I		33P3
Unemployment rate	I		33P4
Agriculture			
Agriculture value added per worker	I		34P1
Cereal yield	I		34P2
Growth in agricultural value-added	I		34P3
Agricultural policy costs index	II	EcGov	34S1
Crop production index	II		34S2
Livestock production index	II		34S3

^a Level I = primary performance indicators, Level II = supporting diagnostic indicators

MDG = Millennium Development Goal indicator

MCA = Millennium Challenge Account indicator

EcGov = Major indicators of *Economic Governance*, which is defined in USAID's *Strategic Management Interim Guidance* to include "microeconomic and macroeconomic policy and institutional frameworks and operations for economic stability, efficiency, and growth." The term therefore encompasses indicators of fiscal and monetary management, trade and exchange rate policy, legal and regulatory systems affecting the business environment, infrastructure quality, and budget allocations.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Per capita GDP, in purchasing power parity Dollars	Per capita GDP, in current U.S. Dollars	Real GDP growth	Growth of labor productivity	Investment productivity - incremental capital output ratio (ICOR)	Share of gross fixed investment in GDP, in current prices	Share of gross fixed private investment in GDP, in current prices	Human poverty index
Indicator Number	11P1	11P2	11P3	11S1	11S2	11S3	11S4	12P1
Malawi Data								
<i>Latest Year (T)</i>	2004	2004	2003	2002	Average	2002	.	2004
Value Year T	643.0	165.0	4.4	0.0	9.5	9.5	.	46.8
Value Year T-1	616.2	156.9	1.9	-5.9	.	11.3	.	.
Value Year T-2	581.5	175.0	-4.1	-1.7	.	12.5	.	.
Value Year T-3	576.3	160.4	1.6	1.1	.	12.8	.	.
Value Year T-4	600.0	165.5	3.0	0.4	.	11.1	.	.
Average Value, 5 year	603.4	164.6	1.4	-1.2	.	11.4	.	.
Growth Trend	2.1	-0.3	.	.	.	-4.2	.	.
Benchmark Data								
Regression Benchmark	.	.	4.6	.	.	.	.	49.7
Lower Bound	.	.	3.3	.	.	.	.	44.0
Upper Bound	.	.	6.0	.	.	.	.	55.3
<i>Latest Year Uganda</i>	2004	2004	2002	2002	Average	2002	2001	2004
Uganda Value Latest Year	1,442.3	287.2	6.7	3.9	3.2	21.3	9.7	36.4
<i>Latest Year Mozambique</i>	2004	2004	2002	2002	Average	2002	.	2004
Mozambique Value Latest Year	1,279.7	277.8	7.7	5.1	4.3	44.7	.	49.8
Low Income Sub-Saharan Africa Avg.	1,698.6	532.6	3.3	0.6	5.3	20.2	10.2	44.3
Low Income Avg.	1,763.8	513.1	3.3	0.6	5.7	20.4	15.3	41.5
High Five Avg.	41,479.6	50,878.2	14.0	11.4	.	46.6	7.4	58.7
Low Five Avg.	633.2	121.1	-12.5	-14.8	.	6.9	.	3.9

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Income share held by poorest 20%	Population living on less than \$1 PPP per day, % population	Poverty headcount, by national poverty line	PRSP Status	Population below minimum dietary energy consumption	Poverty gap at \$1 PPP a day	Labor force structure (employment in agriculture, % total employment)	Labor force structure (employment in industry, % total employment)
Indicator Number	12P2	12P3	12P4	12P5	12S1	12S2	13P1a	13P1b
Malawi Data								
<i>Latest Year (T)</i>	1997	1997	1997	.	2001	1997	2003	.
Value Year T	4.9	41.7	65.3	Yes	33.0	14.8	90.0	.
Value Year T-1	.	.	.	.	.	.	.	.
Value Year T-2	.	.	.	.	.	.	.	.
Value Year T-3	.	.	.	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.	.
Benchmark Data								
Regression Benchmark	5.8	45.0	56.3	.	.	.	.	.
Lower Bound	5.0	36.8	46.3	.	.	.	.	.
Upper Bound	6.7	53.1	66.2	.	.	.	.	.
<i>Latest Year Uganda</i>	1999	1997	.	.	2001	.	.	.
Uganda Value Latest Year	8.8	86.0	44.0	Yes	19.0	44.8	.	.
<i>Latest Year Mozambique</i>	.	.	.	.	2001	.	.	.
Mozambique Value Latest Year	.	37.9	69.0	Yes	53.0	12.0	.	.
Low Income Sub-Saharan Africa Avg.	5.4	26.1	38.0	.	32.5	6.6	.	19.6
Low Income Avg.	6.6	21.6	39.3	.	31.7	6.8	.	14.5
High Five Avg.	.	21.8	47.7	.	66.0	6.5	52.9	37.1
Low Five Avg.	.	2.7	26.7	.	0.8	0.7	0.3	11.8

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Labor force structure (employment in services, % total employment)	Output structure (agriculture, value added, % GDP)	Output structure (industry, value added, % GDP)	Output structure (services, etc., value added, % GDP)	Adult literacy rate	Age dependency rate	Environmental sustainability index	Population size and growth (size in millions)
Indicator Number	13P1c	13P2a	13P2b	13P2c	14P1	14P2	14P3	14P4a
Malawi Data								
<i>Latest Year (T)</i>	.	2002	2002	2002	2002	2002	2005	2002
Value Year T	.	36.5	14.8	48.7	61.8	0.91	49.3	10.7
Value Year T-1	.	36.2	16.3	47.5	61.0	0.93	.	10.5
Value Year T-2	.	36.9	17.4	45.7	60.1	0.94	.	10.3
Value Year T-3	.	35.4	17.9	46.7	59.3	0.95	.	10.1
Value Year T-4	.	33.5	18.4	48.1	58.5	0.95	.	9.9
Average Value, 5 year	.	35.7	17.0	47.3	60.1	0.94	.	10.3
Growth Trend	.	2.0	-5.1	0.4	1.4	-1.00	.	2.1
Benchmark Data								
Regression Benchmark	.	.	.	.	.	.	45.5	.
Lower Bound	.	.	.	.	.	.	41.8	.
Upper Bound	.	.	.	.	.	.	49.2	.
<i>Latest Year Uganda</i>	.	2002	2002	2002	2002	2002	2005	2002
Uganda Value Latest Year	.	31.6	22.0	46.4	68.9	1.02	51.3	24.6
<i>Latest Year Mozambique</i>	.	2002	2002	2002	2002	2002	2005	2002
Mozambique Value Latest Year	.	23.5	34.0	42.5	46.5	0.84	44.8	18.4
Low Income Sub-Saharan Africa Avg.	62.0	31.7	25.7	42.5	56.8	0.87	47.0	16.3
Low Income Avg.	38.7	30.9	26.4	42.7	59.3	0.69	46.1	37.2
High Five Avg.	76.9	56.0	64.5	80.5	99.6	1.05	72.6	600.7
Low Five Avg.	31.5	0.6	11.9	18.0	35.7	0.39	32.6	0.3

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Population size and growth (growth)	Urbanization rate	Ratio of male to female adult literacy rate	Ratio of male to female gross enrollment rate, all levels	Ratio of male to female life expectancy at birth	Government expenditure, % GDP	Government revenue, % GDP	Growth in the money supply
Indicator Number	14P4b	14P5	15P1	15P2	15P3	21P1	21P2	21P3
Malawi Data								
<i>Latest Year (T)</i>	2002	2002	2002	.	2002	2003	2003	2003
Value Year T	2.0	15.5	1.60	.	0.98	42.4	22.8	29.3
Value Year T-1	2.1	15.1	.	.	.	37.8	19.8	25.2
Value Year T-2	2.1	14.7	.	.	.	32.1	17.5	21.2
Value Year T-3	2.1	14.4	.	.	.	32.0	18.1	41.6
Value Year T-4	2.2	14.0	.	.	.	29.5	17.4	26.6
Average Value, 5 year	2.1	14.7	.	.	.	34.8	19.1	32.8
Growth Trend	.	2.4	.	.	.	9.3	6.5	-23.8
Benchmark Data								
Regression Benchmark	.	23.2	.	.	.	15.5	12.8	20.5
Lower Bound	.	14.0	.	.	.	11.4	8.9	13.4
Upper Bound	.	32.5	.	.	.	19.5	16.8	27.5
<i>Latest Year Uganda</i>	2002	2002	2002	.	2002	2001	2001	2002
Uganda Value Latest Year	2.8	14.9	1.30	.	0.97	21.4	10.9	25.0
<i>Latest Year Mozambique</i>	2002	2002	2002	.	2002	.	.	2002
Mozambique Value Latest Year	2.0	34.3	2.00	.	0.92	.	.	21.6
Low Income Sub-Saharan Africa Avg.	.	34.3	1.50	.	0.95	17.1	15.4	27.2
Low Income Avg.	.	32.5	1.50	.	0.95	21.3	16.9	25.8
High Five Avg.	.	100.0	2.40	.	1.01	47.4	38.3	114.7
Low Five Avg.	.	8.8	0.90	.	0.85	4.5	6.9	-6.7

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Inflation rate	Overall government budget balance, including grants, % GDP	Composition of government expenditure (wages and salaries)	Composition of government expenditure (interest payments)	Composition of government expenditure (goods and services)	Composition of government expenditure (subsidies and other current transfers)	Composition of government expenditure (development expenditure)	Composition of government revenue (Taxes on goods and services)
Indicator Number	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e	21S2a
Malawi Data								
<i>Latest Year (T)</i>	2004	2003	.	.	.	.	.	2004
Value Year T	19.9	-8.5	6.9	10.0	10.2	4.3	10.4	16.6
Value Year T-1	9.6	-11.0	7.1	6.6	11.8	4.7	7.6	.
Value Year T-2	14.9	-7.2	6.5	5.0	7.8	4.5	8.1	.
Value Year T-3	27.2	-5.4	5.1	4.4	7.0	4.9	10.3	.
Value Year T-4	29.6	-5.3	4.7	3.7	7.8	3.1	9.9	.
Average Value, 5 year	20.2	-7.5	6.0	5.9	8.9	4.3	9.2	.
Growth Trend	-16.7	-18.1	.	.	.	.	.	.
Benchmark Data								
Regression Benchmark	9.4	2.0	.	.	.	.	.	.
Lower Bound	6.1	-0.2	.	.	.	.	.	.
Upper Bound	12.7	4.3	.	.	.	.	.	.
<i>Latest Year Uganda</i>	2004	2001	.	.	.	.	.	.
Uganda Value Latest Year	3.5	-2.2	.	.	.	.	.	.
<i>Latest Year Mozambique</i>	2004	.	.	.	.	.	.	.
Mozambique Value Latest Year	12.9	.	.	.	.	.	.	.
Low Income Sub-Saharan Africa Avg.	18.0	0.5	.	.	.	.	.	.
Low Income Avg.	14.7	-2.2	.	.	.	.	.	.
High Five Avg.	103.5	4.3	.	.	.	.	.	.
Low Five Avg.	-1.1	-10.5	.	.	.	.	.	.

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Composition of government revenue (Taxes of income, profits and capital gains)	Composition of government revenue (Social security taxes)	Composition of government revenue (Taxes on international trade)	Composition of government revenue (Grants)	Composition of government revenue (Non-tax revenue as a percentage of total revenue)	Composition of money supply growth (Domestic credit to central government)	Composition of money supply growth (Domestic credit to the private sector)	Composition of money supply growth (Domestic credit to non-financial public enterprises)
Indicator Number	21S2b	21S2c	21S2d	21S2e	21S2f	21S3a	21S3b	21S3c
Malawi Data								
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2003	2003	2003
Value Year T	15.8	.	5.1	22.6	13.7	38.5	30.7	.
Value Year T-1
Value Year T-2
Value Year T-3
Value Year T-4
Average Value, 5 year
Growth Trend
Benchmark Data								
Regression Benchmark
Lower Bound
Upper Bound
<i>Latest Year Uganda</i>
Uganda Value Latest Year
<i>Latest Year Mozambique</i>
Mozambique Value Latest Year
Low Income Sub-Saharan Africa Avg.
Low Income Avg.
High Five Avg.
Low Five Avg.

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Composition of money supply growth (Domestic credit to other financial institutions)	Composition of money supply growth (Reserves)	Composition of money supply growth (Other)	Corruption perception index	Doing business composite index	Rule of law index	Cost of starting a business, % GNI per capita	Procedures to enforce a contract
Indicator Number	21S3d	21S3e	21S3f	22P1	22P2	22P3	22S1	22S2
Malawi Data								
<i>Latest Year (T)</i>	2003	2003	2003	2004	2004	2002	2004	2003
Value Year T	.	73.3	-39.6	2.8	60.5	-0.3	140.8	16
Value Year T-1	.	.	.	2.8	.	.	.	12
Value Year T-2	.	.	.	2.9	.	-0.5	.	.
Value Year T-3	.	.	.	3.2	.	.	.	.
Value Year T-4	.	.	.	4.1	.	-0.5	.	.
Average Value, 5 year	.	.	.	3.2	.	.	.	.
Growth Trend	.	.	.	-8.6	.	.	.	.
Benchmark Data								
Regression Benchmark
Lower Bound
Upper Bound
<i>Latest Year Uganda</i>	.	.	.	2004	2004	2002	2004	2003
Uganda Value Latest Year	.	.	.	2.5	62.0	-0.9	131.3	16
<i>Latest Year Mozambique</i>	.	.	.	2004	2004	2002	2004	2003
Mozambique Value Latest Year	.	.	.	2.4	57.7	-0.8	95.8	18
Low Income Sub-Saharan Africa Avg.	.	.	.	2.6	58.9	-0.8	228.4	30
Low Income Avg.	.	.	.	2.8	60.2	-0.7	184.7	29
High Five Avg.	.	.	.	9.5	.	2.0	726.5	54
Low Five Avg.	.	.	.	1.6	.	-1.8	0.5	7

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Procedures to register property	Procedures to start a business	Time to enforce a contract	Time to register property	Time to start a business	Domestic credit to private sector, % GDP	Interest rate spread, lending rate minus deposit rate	Money supply (M2), % GDP
Indicator Number	22S3	22S4	22S5	22S6	22S7	23P1	23P2	23P3
Malawi Data								
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2003	2003	2003
Value Year T	6	10	277.0	118.0	35.0	7.8	23.8	19.4
Value Year T-1	.	.	.	.	.	8.1	22.5	17.5
Value Year T-2	.	.	.	.	.	8.6	21.2	17.0
Value Year T-3	.	.	.	.	.	9.3	19.9	15.4
Value Year T-4	.	.	.	.	.	7.8	20.4	14.2
Average Value, 5 year	.	.	.	.	.	8.3	21.5	16.7
Growth Trend	.	.	.	.	.	-1.3	4.4	7.8
Benchmark Data								
Regression Benchmark	.	.	.	.	.	5.9	14.1	20.5
Lower Bound	.	.	.	.	.	-9.1	11.3	5.6
Upper Bound	.	.	.	.	.	20.9	17.0	35.4
<i>Latest Year Uganda</i>	2004	2004	2004	2004	2004	2002	2002	2002
Uganda Value Latest Year	8	17	209.0	48.0	36.0	6.7	13.5	18.2
<i>Latest Year Mozambique</i>	2004	2004	2004	2004	2004	2002	2002	2002
Mozambique Value Latest Year	7	14	580.0	33.0	153.0	2.1	8.7	29.8
Low Income Sub-Saharan Africa Avg.	7	11	437.4	126.8	56.9	11.8	15.4	25.6
Low Income Avg.	7	11	409.6	113.0	57.0	13.8	13.9	27.7
High Five Avg.	16	17	1,178.2	484.6	172.2	156.0	32.1	192.0
Low Five Avg.	2	2	50.8	2.0	4.2	2.4	1.7	6.0

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Stock market capitalization rate, % GDP	Cost to create collateral	Country credit rating	Legal rights of borrowers and lenders index	Real interest rate	Aid, % GNI	Current account balance, % GDP	Debt service ratio, % exports
Indicator Number	23P4	23S1	23S2	23S3	S4S4	24P1	24P2	24P3
Malawi Data								
<i>Latest Year (T)</i>	2001	2004	2005	2004	2003	2002	2002	2002
Value Year T	9.2	140.8	19.7	.	39.3	20.2	-10.6	7.6
Value Year T-1	7.4	.	.	.	28.1	24.4	-3.6	8.0
Value Year T-2	9.9	.	.	.	24.7	26.8	-4.3	12.5
Value Year T-3	8.5	.	.	.	21.6	25.3	-8.7	13.1
Value Year T-4	4.3	.	.	.	8.0	25.6	-0.3	14.4
Average Value, 5 year	7.9	.	.	.	24.4	24.5	-5.5	11.1
Growth Trend	14.6	.	.	.	41.1	-5.0	.	-16.2
Benchmark Data								
Regression Benchmark	.	.	.	.	.	22.9	-8.1	10.5
Lower Bound	.	.	.	.	.	18.3	-10.5	3.2
Upper Bound	.	.	.	.	.	27.5	-5.6	17.9
<i>Latest Year Uganda</i>	2001	2004	2005	2004	2002	2002	2002	2002
Uganda Value Latest Year	0.6	131.3	21.2	5.0	23.9	11.2	-6.1	7.1
<i>Latest Year Mozambique</i>	.	2004	2005	2004	2002	2002	2001	2002
Mozambique Value Latest Year	.	95.8	25.8	4.0	13.9	60.4	-19.1	6.1
Low Income Sub-Saharan Africa Avg.	47.2	228.4	.	4.3	12.3	17.3	-6.9	12.2
Low Income Avg.	35.2	184.7	.	4.3	12.0	15.1	-5.3	12.0
High Five Avg.	197.9	121.6	51.5	9.6	46.7	53.1	13.6	53.2
Low Five Avg.	4.9	0.0	12.1	1.2	-11.5	0.0	-208.0	1.0

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Exports growth of goods and services	Foreign direct investment, % GDP	Gross international reserves, months of imports	Gross private capital inflows, %GDP	Present value of debt, % GNI	Remittance receipts, % exports	Trade, % GDP	Concentration of Exports
Indicator Number	24P4	24P5	24P6	24P7	24P8	24P9	24P10	24S1
Malawi Data								
<i>Latest Year (T)</i>	2003	2002	2002	2002	2002	2002	2002	2003
Value Year T	-4.5	0.3	2.4	3.2	47.0	0.2	68.3	26.6
Value Year T-1	-1.3	1.1	3.7	4.4	.	0.2	68.3	26.9
Value Year T-2	6.2	1.5	4.4	4.7	.	0.2	64.7	27.5
Value Year T-3	-10.1	3.2	3.8	6.3	.	0.2	70.0	27.3
Value Year T-4	-15.1	0.7	4.6	3.9	.	0.1	70.8	26.6
Average Value, 5 year	1.5	1.4	3.8	4.5	.	0.2	68.4	27.0
Growth Trend	.	-23.3	-12.3	-7.4	.	7.0	-1.0	-0.2
Benchmark Data								
Regression Benchmark	5.4	3.7	4.2	.	.	.	61.4	.
Lower Bound	-0.2	0.0	2.9	.	.	.	41.6	.
Upper Bound	10.9	7.4	5.5	.	.	.	81.3	.
<i>Latest Year Uganda</i>	2002	2002	2002	2002	2002	2002	2002	2003
Uganda Value Latest Year	11.4	2.6	6.2	4.5	22.2	50.7	39.4	17.3
<i>Latest Year Mozambique</i>	2002	2002	2002	2001	2002	2001	2002	2001
Mozambique Value Latest Year	14.1	11.3	5.1	10.0	26.2	4.2	61.7	25.4
Low Income Sub-Saharan Africa Avg.	3.9	4.1	4.1	7.0	89.0	11.6	71.1	.
Low Income Avg.	4.4	3.3	4.6	7.5	77.8	13.5	75.3	.
High Five Avg.	27.5	145.9	15.6	752.1	273.8	57.0	258.8	.
Low Five Avg.	-21.4	-3.1	0.3	2.0	9.0	0.0	23.4	.

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Inward FDI potential index	Net barter terms of trade	Real effective exchange rate (REER)	Structure of merchandise exports (agricultural raw materials exports, % of merchandise exports)	Structure of merchandise exports (fuel exports, % of merchandise exports)	Structure of merchandise exports (manufactures exports, % of merchandise exports)	Structure of merchandise exports (ores and metals exports, % of merchandise exports)	Trade policy index
Indicator Number	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S6
Malawi Data								
<i>Latest Year (T)</i>	2002	2001	2002	2001	2001	2001	2001	2004
Value Year T	0.11	96.0	115.0	2.5	0.1	10.2	0.2	3.0
Value Year T-1	.	95.0	116.4	3.0	0.2	7.1	0.2	4.0
Value Year T-2	0.12	101.0	112.6	.	0.3	8.7	0.1	4.0
Value Year T-3	0.12	98.0	111.5	.	0.1	6.9	0.0	4.0
Value Year T-4	0.13	111.0	111.1	.	0.7	8.7	0.1	5.0
Average Value, 5 year	.	100.2	113.3	.	0.3	8.3	0.1	4.0
Growth Trend	.	-3.2	1.1	.	-23.9	3.6	38.5	-9.7
Benchmark Data								
Regression Benchmark	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.
<i>Latest Year Uganda</i>	2002	2001	2002	2002	2002	2002	2002	2004
Uganda Value Latest Year	0.14	78.0	76.7	9.6	19.5	20.6	14.8	4.1
<i>Latest Year Mozambique</i>	2002	2001	.	2001	2001	2001	2001	2004
Mozambique Value Latest Year	0.13	79.0	.	9.4	14.0	29.8	13.0	4.1
Low Income Sub-Saharan Africa Avg.	.	96.8	93.3	10.7	6.5	7.8	1.9	3.0
Low Income Avg.	.	94.5	94.5	4.2	9.5	7.5	54.9	4.0
High Five Avg.	.	158.5	146.8	19.4	88.4	96.7	42.1	5.0
Low Five Avg.	.	57.6	68.0	0.0	0.0	1.7	0.0	1.4

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Internet users per 1000 people	Overall infrastructure quality (perception)	Telephone density, fixed line and mobile, per 1000 people	Quality of Infrastructure - railroads, ports, air transport, and electricity (air transport infrastructure index)	Quality of Infrastructure - railroads, ports, air transport, and electricity (port infrastructure quality index)	Quality of Infrastructure - railroads, ports, air transport, and electricity (rail development index)	Quality of Infrastructure - railroads, ports, air transport, and electricity (quality of electricity supply index)	Telephone cost, average local call
Indicator Number	25P1	25P2	25P3	25S1a	25S1b	25S1c	25S1d	25S2
Malawi Data								
<i>Latest Year (T)</i>	2003	2003	2002	2004	2004	2004	2004	2002
Value Year T	3.4	2.9	15.2	3.3	2.3	2.1	2.1	0.059
Value Year T-1	2.6	.	10.6	.	.	.	.	0.062
Value Year T-2	1.9	.	9.1	.	.	.	.	0.076
Value Year T-3	1.5	.	6.3	.	.	.	.	0.102
Value Year T-4	.	.	4.8	.	.	.	.	0.019
Average Value, 5 year	.	.	9.2	.	.	.	.	0.064
Growth Trend	.	.	32.6	.	.	.	.	18.9
Benchmark Data								
Regression Benchmark	6.5	.	9.7	.	.	.	.	.
Lower Bound	-22.5	.	5.7	.	.	.	.	.
Upper Bound	35.4	.	13.7	.	.	.	.	.
<i>Latest Year Uganda</i>	2003	2003	2002	2004	2004	2004	2004	2002
Uganda Value Latest Year	4.9	2.8	18.1	3.4	1.9	1.7	2.8	0.210
<i>Latest Year Mozambique</i>	2003	2003	2002	2004	2004	2004	2004	2001
Mozambique Value Latest Year	2.8	2.1	18.6	3.5	2.3	1.6	2.8	0.080
Low Income Sub-Saharan Africa Avg.	10.3	.	32.6	.	.	.	.	0.114
Low Income Avg.	11.4	.	38.9	.	.	.	.	0.085
High Five Avg.	585.8	6.7	1,651.0	6.7	6.6	6.5	6.9	0.291
Low Five Avg.	0.9	1.5	4.5	2.4	1.3	1.1	0.7	0.0

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Expenditure for R&D, % GDP	FDI and technology transfer Index	Patent applications filed, residents	HIV prevalence	Life expectancy at birth	Maternal mortality rate	Access to improved sanitation	Access to improved water source
Indicator Number	26P1	26P2	26P3	31P1	31P2	31P3	31S1	31S2
Malawi Data								
<i>Latest Year (T)</i>	.	2003	2001	2003	2002	2000	2000	2000
Value Year T	.	4.5	2.0	14.2	37.5	18.0	76.0	57.0
Value Year T-1	.	.	3.0	.	.	.	.	.
Value Year T-2	.	.	1.0	14.3	38.8	.	.	.
Value Year T-3	.	.	7.0	.	.	.	.	.
Value Year T-4	.	.	2.0	16.0	.	.	.	.
Average Value, 5 year	.	.	3.0	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.	.
Benchmark Data								
Regression Benchmark	.	.	.	.	42.9	12.7	.	.
Lower Bound	.	.	.	.	39.2	11.3	.	.
Upper Bound	.	.	.	.	46.7	14.2	.	.
<i>Latest Year Uganda</i>	1999	2003	2001	2003	2002	2000	2000	2000
Uganda Value Latest Year	0.8	5.3	2.0	4.1	43.1	8.8	79.0	52.0
<i>Latest Year Mozambique</i>	.	2003	2001	2003	2002	2000	2000	2000
Mozambique Value Latest Year	.	5.0	1	12.2	41.1	10.0	43.0	57.0
Low Income Sub-Saharan Africa Avg.	0.1	.	2.1	6.6	47.0	9.3	51.7	58.1
Low Income Avg.	0.4	.	76.1	4.7	52.0	7.4	53.4	61.8
High Five Avg.	3.5	5.9	153,604.0	30.2	80.3	17.2	100.0	100.0
Low Five Avg.	0.2	3.3	0.0	0.1	37.6	0.0	12.4	26.2

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Births attended by skilled health personnel	Child immunization rate	Prevalence of child malnutrition (weight for age)	Public health expenditure, % GDP	Net primary enrollment rate	Persistence in school to grade 5 (Total)	Youth literacy rate	Education expenditure, primary, %GDP
Indicator Number	31S3	31S4	31S5	31S6	32P1	32P2	32P3	32S1
Malawi Data								
<i>Latest Year (T)</i>	2000	2002	2000	2004	2001	2000	2002	2004
Value Year T	55.6	66.5	25.4	4.7	81.0	53.6	72.5	2.9
Value Year T-1	.	86.0	.	3.0	.	.	71.8	.
Value Year T-2	.	74.0	.	.	.	.	71.1	.
Value Year T-3	.	83.5	.	2.7	.	.	70.3	.
Value Year T-4	.	91.5	.	3.0	.	.	69.6	.
Average Value, 5 year	.	80.3	.	3.3	.	.	71.1	.
Growth Trend	.	-5.9	.	.	.	.	1.0	.
Benchmark Data								
Regression Benchmark	.	.	.	.	46.9	55.8	70.4	.
Lower Bound	.	.	.	.	40.0	46.6	62.2	.
Upper Bound	.	.	.	.	53.8	65.0	78.6	.
<i>Latest Year Uganda</i>	2001	2002	2001	2001	2001	.	2002	.
Uganda Value Latest Year	39.0	74.5	22.8	3.4	.	.	80.2	2.0
<i>Latest Year Mozambique</i>	.	2002	.	2001	2001	2000	2002	.
Mozambique Value Latest Year	.	59.0	.	4.0	.	51.9	62.8	1.1
Low Income Sub-Saharan Africa Avg.	51.2	61.2	28.7	2.2	62.4	62.2	71.0	2.1
Low Income Avg.	41.6	65.6	26.2	2.3	68.4	64.4	72.3	2.0
High Five Avg.	99.6	99.0	45.1	8.0	99.7	100.1	99.8	.
Low Five Avg.	11.5	37.4	3.2	0.7	38.4	42.5	46.4	.

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Expenditure per student, % GDP per capita - primary, secondary, and tertiary (primary)	Expenditure per student, % GDP per capita - primary, secondary, and tertiary (secondary)	Expenditure per student, % GDP per capita - primary, secondary, and tertiary (tertiary)	Pupil-teacher ratio, primary school	Labor force participation rate (total)	Labor force participation rate (male)	Labor force participation rate (female)	Rigidity of employment index
Indicator Number	32S2a	32S2b	32S2c	32S3	33P1a	33P1a	33P1c	33P2
Malawi Data								
<i>Latest Year (T)</i>	.	.	.	1999	2002	.	.	2004
Value Year T	.	.	.	63.0	0.93	.	.	21.0
Value Year T-1	.	.	.	.	0.93	.	.	.
Value Year T-2	.	.	.	.	0.92	.	.	.
Value Year T-3	.	.	.	.	0.93	.	.	.
Value Year T-4	.	.	.	.	0.94	.	.	.
Average Value, 5 year	.	.	.	.	0.93	.	.	2.0
Growth Trend	.	.	.	.	-0.3	.	.	.
Benchmark Data								
Regression Benchmark	.	.	.	.	.	.	.	57.3
Lower Bound	.	.	.	.	.	.	.	46.0
Upper Bound	.	.	.	.	.	.	.	68.6
<i>Latest Year Uganda</i>	.	.	.	2000	2002	.	.	2004
Uganda Value Latest Year	40.3	40.3	399.2	59.4	1.00	.	.	7.0
<i>Latest Year Mozambique</i>	.	.	.	2001	2002	.	.	2004
Mozambique Value Latest Year	25.3	25.3	209.6	65.9	0.97	.	.	64.0
Low Income Sub-Saharan Africa Avg.	.	.	.	46.5	0.88	.	.	57.7
Low Income Avg.	.	.	.	42.7	0.85	.	.	52.1
High Five Avg.	40.8	40.8	285.2	63.5	1.03	.	.	84.6
Low Five Avg.	6.3	6.3	13.2	12.2	0.49	.	.	1.2

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Size and growth of the labor force (labor force, total)	Size and growth of the labor force (labor force, annual percent change)	Unemployment rate	Agriculture value added per worker	Cereal yield	Growth in agricultural value-added	Agricultural policy costs index	Crop production index
Indicator Number	33P3a	33P3b	33P4	34P1	34P2	34P3	34S1	34S2
Malawi Data								
<i>Latest Year (T)</i>	2002	2002	.	2001	2002	2003	2003	2002
Value Year T	5,166,308.7	2.1	.	119.2	1,045.7	7.3	4.0	129.4
Value Year T-1	5,059,848.0	2.1	.	129.3	1,097.6	2.7	.	169.7
Value Year T-2	4,955,466.6	1.9	.	124.1	1,675.5	-6.0	.	169.0
Value Year T-3	4,861,177.2	2.0	.	113.8	1,745.4	5.3	.	148.1
Value Year T-4	4,767,053.2	2.1	.	113.0	1,322.1	10.1	.	137.9
Average Value, 5 year	4,961,970.7	2.0	.	1,377.3	3.3	.	150.8	122.7
Growth Trend	2.0	0.7	.	2.4	-8.9	.	.	0.1
Benchmark Data								
Regression Benchmark	.	.	.	178.2	.	.	.	.
Lower Bound	.	.	.	106.0	.	.	.	.
Upper Bound	.	.	.	250.4	.	.	.	.
<i>Latest Year Uganda</i>	2002	2002	.	2001	2002	2002	2003	2002
Uganda Value Latest Year	12,076,140	2.9	.	350.3	1,657.7	4.9	4.5	142.7
<i>Latest Year Mozambique</i>	2002	2002	.	2001	2002	2002	2003	2002
Mozambique Value Latest Year	9,587,760	2.2	.	143.4	856.4	7.1	3.4	143.6
Low Income Sub-Saharan Africa Avg.	7,464,749	2.6	9.3	383.9	1,086.5	0.7	.	137.8
Low Income Avg.	17,134,976	2.5	7.0	506.8	1,591.1	1.0	.	132.9
High Five Avg.	314,737,511	4.6	21.2	59,160.4	7,524.5	14.6	.	290.1
Low Five Avg.	119,898	-5.2	2.6	127.4	260.6	-23.3	.	49.7

(1) For definitions and methodology please see Appendix II: Technical Notes.

Malawi Indicator List and Full Dataset ⁽¹⁾

	Livestock production index
Indicator Number	34S3
Malawi Data	
<i>Latest Year (T)</i>	2002
Value Year T	124.6
Value Year T-1	124.7
Value Year T-2	126.8
Value Year T-3	119.4
Value Year T-4	117.8
Average Value, 5 year	.
Growth Trend	1.6
Benchmark Data	
Regression Benchmark	.
Lower Bound	.
Upper Bound	.
<i>Latest Year Uganda</i>	2002
Uganda Value Latest Year	129.0
<i>Latest Year Mozambique</i>	2002
Mozambique Value Latest Year	103.7
Low Income Sub-Saharan Africa Avg.	126.9
Low Income Avg.	129.9
High Five Avg.	265.6
Low Five Avg.	33.9

(1) For definitions and methodology please see Appendix II: Technical Notes.